FUJITSU

Annual Report 2014

Fujitsu Limited

shaping tomorrow with you

Human Centric Innovation

Innovation is taking on different characteristics in the era of human centric ICT - cloud, mobility, big data, social and the internet of things.
It is fast and accessible. It is open and collaborative. It is led by individuals rather than organizations.
In a world where everything is connected, we no longer operate in silos.
And all the information we need is right at our fingertips.
Human Centric Innovation is a new approach to realizing business and social value by creating solutions and services that bring together the dimensions of people, information and infrastructure.

shaping tomorrow with you

A company's brand promise expresses the value the company delivers to its customers.

The Fujitsu Group's brand promise articulates the importance we place on working with our customers to shape a prosperous society, by harnessing the power of ICT.

Employing approximately 160,000 people to support customers in more than 100 countries, Fujitsu is the Japanese global ICT company. We are delivering on our brand promise.

Participation in the United Nations (UN) Global Compact

Fujitsu joined the United Nations (UN) Global Compact in December 2009, and is enhancing its CSR activities from a global perspective.

Fujitsu is committed to global corporate social responsibility (CSR) activities that uphold the 10 principles of the Global Compact. Through this commitment, we will meet the demands of various stakeholders in international society, and uphold responsible management as a true global ICT company contributing to the creation of a sustainable society.

Incorporation in SRI Stock Indexes

Fujitsu has been incorporated in various socially responsible investment (SRI) stock indexes in and outside of Japan. These indexes evaluate Fujitsu not only on its financial performance, but also on its environmental and social initiatives.

Dow Jones Sustainability Indexes (World, Asia Pacific)

FTSE4Good Index Series

oekom research

Morningstar Socially Responsible Investment Index

EDITORIAL POLICY

At the Management Direction Briefing held on May 29, 2014, we marked a certain degree of progress in our ongoing structural reforms, presented a new growth strategy, and embarked on a new leg of our journey.

In the Fujitsu Limited Annual Report 2014, the president presents the new management plan and medium-term goals and we explain our initiatives to expand into new fields in the ICT business. In addition, we feature an overview of frontline conditions by sales group heads and a regional head, along with customer solution profiles. Along with communicating our vision, responsibilities, and aspirations, the report also aims to convey our wide ranging initiatives to increase shareholder and enterprise value, including an interview with an outside Audit & Supervisory board member, an explanation of our initiatives in corporate governance, and a report on our CSR activities.

We hope that the Fujitsu Limited Annual Report 2014 will enable shareholders, investors, and other stakeholders to deepen their understanding of Fujitsu, and to continue their support for the Company.

CONTENTS

Forward-Looking Statements

This annual report may contain forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors: general economic and market conditions in key markets (particularly in Japan, Europe, North America and Asia, including China); rapid changes in the high-technology market (particularly semiconductors, PCs, etc.); fluctuations in exchange rates or interest rates; fluctuations in capital markets; intensifying price competition; changes in market positioning due to competition in R&D; changes in the environment for the procurement of parts and components; changes in competitive relationships relating to collaborations, alliances and technical provisions; potential emergence of unprofitable projects; and changes in accounting policies.

A MESSAGE FROM THE PRESIDENT

Today, we are living in an era of major upheaval. Rapid technological advancement and the march of economic globalization are shaping a new competitive landscape. These trends are also opening up a huge range of business opportunities on an unprecedented scale. Meanwhile, the world faces a range of pressing issues. We need to find solutions to food and water shortages as well as resource and energy depletion that are occurring in step with global population growth. We must also address the aging of society and the increase in natural disasters. Addressing these kinds of social issues is an urgent task for humanity.

In this climate, ICT is now able to connect all manner of things over the internet, as well as people, and instantly analyze the vast flow of data that is generated from this to assist people in making optimal decisions. These sorts of advanced technologies have the potential to generate innovation that will dramatically transform people's lives, industries, and society as a whole.

The Fujitsu Group aims to accelerate innovation by supporting people with the evolving power of ICT. In so doing, we seek to contribute to customers' businesses and the solution of a variety of social issues, while working closely with people to create a prosperous future where everyone can live with peace of mind. We will also strive to meet and exceed the expectations of shareholders and other investors by achieving sound earnings growth and sustainably increasing our corporate value.

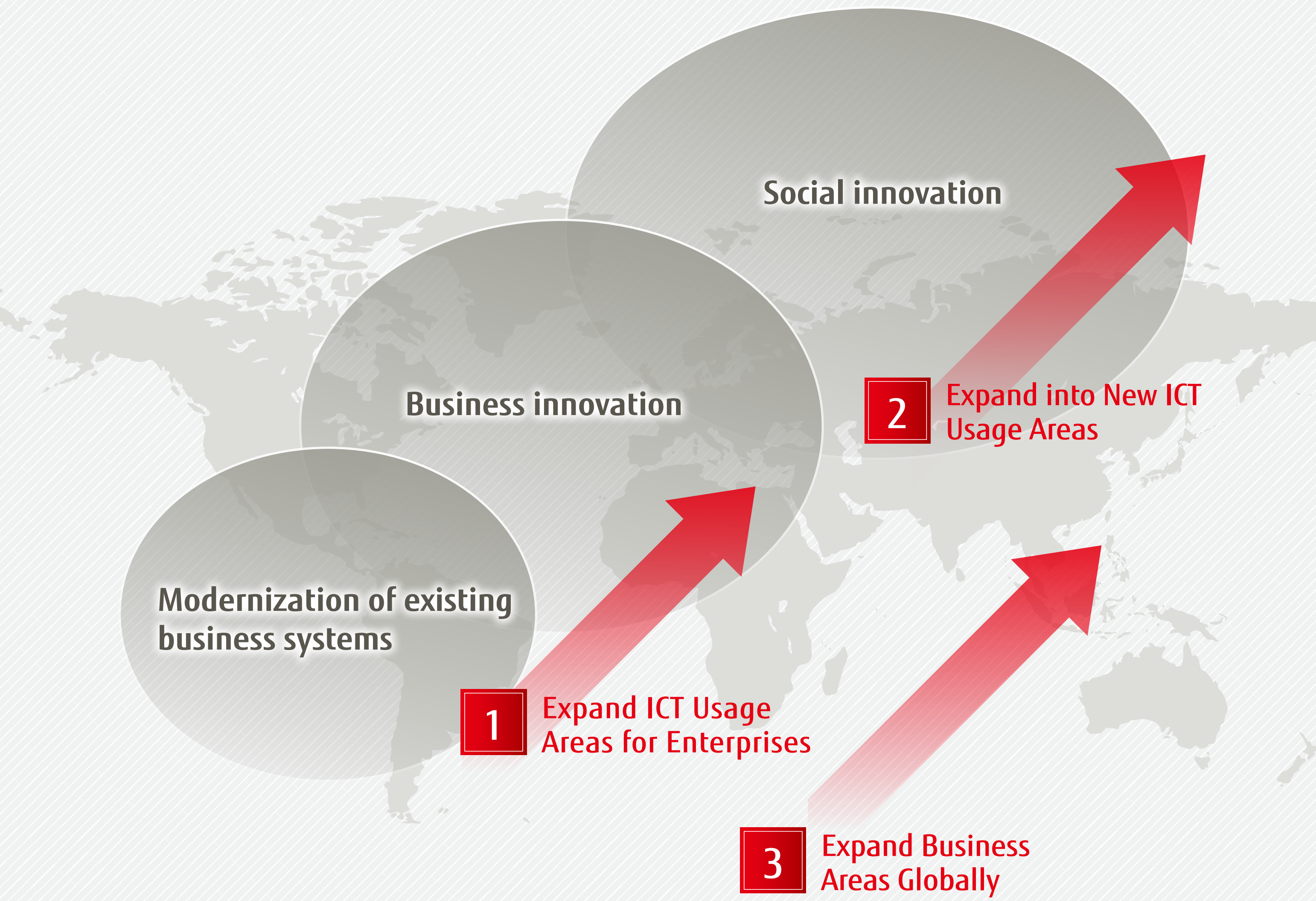
Masami Yamamoto

President
Masami Yamamoto

FUJITSU'S GROWTH STRATEGY

Seeking to Expand Business Domains

Fujitsu concentrated mainly on structural reforms from fiscal 2012 to fiscal 2013. From fiscal 2014 to fiscal 2016, Fujitsu will shift gears to focus on its growth strategy.



Fujitsu will strive to attain growth by expanding into three broad business domains.
The first is to expand ICT usage areas for enterprises.
Existing ICT usage areas for enterprises are expected to contract due to cost-cutting pressures and intensifying competition. However, ICT usage in fields that can directly contribute to customers' sales and profit have become more and more important. Fujitsu will strive to expand ICT usage areas for enterprises by promoting modernization and by driving marketing, work style, and manufacturing innovation through business innovation.
The second is to expand into new ICT usage areas. Fujitsu will develop its efforts to solve social issues as a business. By driving social innovation in fields such as healthcare, transportation, and agriculture, Fujitsu will expand into new ICT usage areas.
The third is to expand these business areas globally. In doing so, Fujitsu will aim to achieve sustainable growth.

Explanations for underlined words can be found in the glossary on pages 160-162.

1 Expand ICT Usage Areas for Enterprises
— Business Innovation

At enterprises, ICT usage areas that can directly contribute to customers' sales and profits have become more and more important. To fulfill these needs, Fujitsu will provide new solutions that harness big data and other resources.
Looking ahead, markets in the fields of cloud and mobile computing, big data, and security are expected to expand. In each of these fields, Fujitsu is systemizing its concepts and specific offerings. In the future, the Group will continue to strengthen these and expand solutions for specific industries and work tasks, aiming to develop products and services that realize innovation.

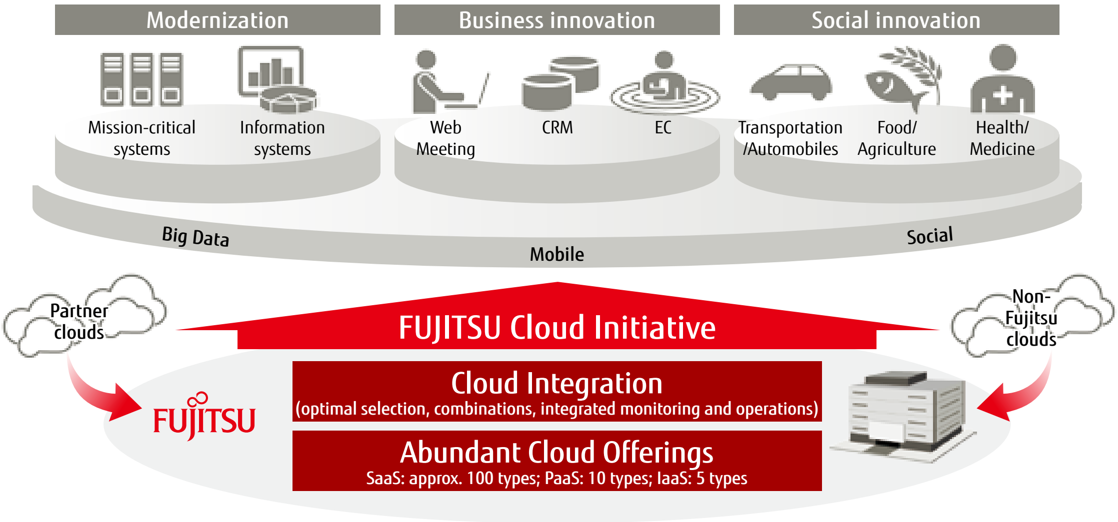
Cloud Business Strategy

Fujitsu offers distinctive cloud solutions that enable it to propose optimal use of resources and space according to each customer's systems and needs.

The Group's cloud integration services support all manner of customer needs by offering an interface linked with a diverse array of around 2,400 types of cloud service in addition to an abundant lineup of private clouds and public clouds, as well as IaaS, PaaS and SaaS. We are also working to train cloud engineers who will perform cloud integration services. At present, the number of cloud engineers has reached 2,000.

Meanwhile, the popularization of smart devices, the emergence of the Internet of Everything (IoE), in which all things are connected, and other trends are making it essential for companies to process big data at high speeds and support a range of data formats. Fujitsu is working to develop next-generation cloud platforms using cutting-edge technologies such as SDN and massively distributed processing. To this end, we have established a dedicated unit to bring together members of both the SI and platform business departments under the same roof. The new unit will apply Fujitsu's strengths in customer- and application-centric approaches in developing the platforms.

- Respond to diverse needs through cloud integration
- Systematize products and offerings though FUJITSU Cloud Initiative



Mobile Business Strategy

In the mobile business, we are focusing on demand from enterprises, which offers strong prospects for growth and profitability.

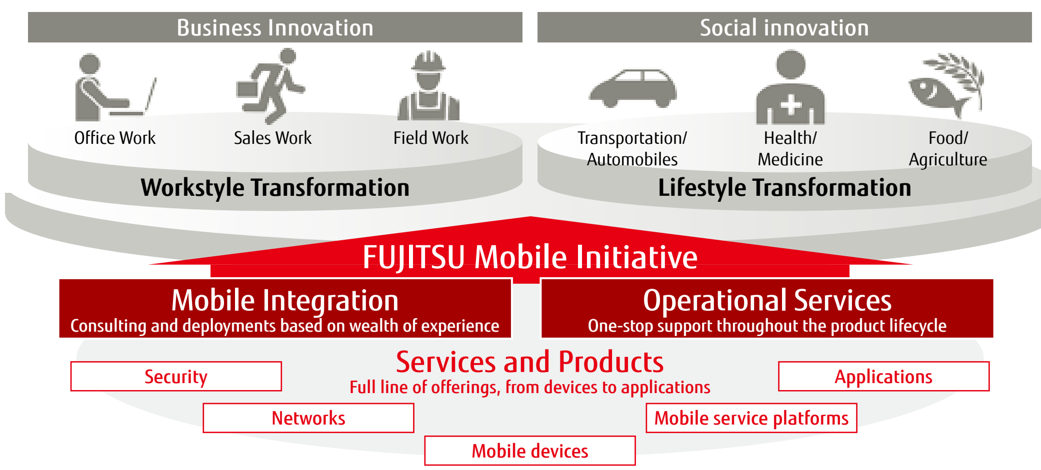
The market for mobile solutions for enterprises is expected to expand rapidly. New applications are envisaged for mobile technology in a variety of settings, and Fujitsu will enhance its platforms to support them.

Fujitsu provides products and services based on vertically integrated solutions by fully harnessing its strengths in being able to provide everything from devices to applications and services. In fields such as insurance and education, we customize devices and services to provide solutions for numerous customers. Furthermore, by offering service platforms that link a variety of mobile applications and devices, Fujitsu is working to create an ecosystem of application developers for mobile solutions, in addition to increasing customer convenience.

Furthermore, Fujitsu provides integrated support from networks to devices in order to facilitate the use of mobile solutions in business. At the same time, we are working to stimulate demand by offering tiered billing plans that are easy for enterprises to adopt. Our goal is to consistently meet the increasingly diverse needs of enterprises.

Looking ahead, we envisage a dramatic increase in the number of things that will be connected over networks, along with increasing diversity in the kinds of mobile devices. Having positioned sensors, embedded systems, wearables and other items as "next-generation front-end interfaces," we will focus on these fields as the next growth area for our ubiquitous solutions business.

- **Expand business by meeting enterprise needs through vertical integration and customization**
- **Systematize products, offerings though FUJITSU Mobile Initiative**



Strategies for the Big Data Business and Security Business

In the big data business, Fujitsu will provide the advanced technologies needed by customers to utilize big data, such as parallel distributed processing, complex event processing, and data mining. At the same time, we will strengthen solutions in fields where corporate needs are high, such as digital marketing, manufacturing, and maintenance support.

Besides enhancing advanced analytic software and appliances that support real time decision-making at the frontlines, Fujitsu will also provide experts called "curators," who have advanced data analysis skills, to help customers use big data according to their objectives. Last year, we opened the Big Data Initiative Center to promote collaboration with customers, partners, and start-up companies in pursuit of optimal solutions for using big data.

In the security business, Fujitsu will offer optimal security policies and solutions tailored to each situation based on three core technologies: enhanced authentication platforms, privacy protection, and security intelligence. We will also assist with the management of safe, secure ICT environments to help safeguard customers' business continuity.

In January 2014, we opened the Security Initiative Center to verify the reliability of information and adequacy of security measures. Besides providing solutions based on security measures and operational know-how, Fujitsu will support customers with a full-fledged support organization by increasing the number of security engineering specialists to 700. This will ensure that we can maintain an ICT environment that is always safe from threats such as increasingly sophisticated cyber attacks.

System Integration

System integration is one of Fujitsu's signature strengths. We will reshape our system integration services into a form that better meets the needs of the new era.

We will therefore need to take a different approach to system development in innovation areas compared to our approach to development of large-scale systems in the past. Accordingly, in addition to the existing Waterfall Modeling development, we will enhance Agile Modeling development, an optimal method for flexibly expanding business in innovation areas.

Looking ahead, we will strive to systematize integration by focusing on process, methodology and system integration infrastructure. The goal is to deliver optimal system development solutions to suit our customers' applications.

We will expand our integration capabilities to support information systems businesses that utilize big data, mobile usage, and an operations environment tailored to the cloud era, while making effective use of our customers' existing ICT assets through modernization. In May 2013, the Integration Services group was established as a newly integrated organization to tackle this task.

This group brings together experts in the fields of software, networks, and operations in addition to field system engineers well versed in customers' systems and operations. These experts will work in concert to provide customers with integrated services.

2 Expand into New ICT Usage Areas
— Social Innovation

The expanding use of ICT into areas beyond conventional business fields represents a significant opportunity for growth. To seize on this opportunity, we will work to achieve social innovation. Fujitsu will develop initiatives that help to solve social issues as a business by focusing on healthcare, transportation, agriculture, and other fields.

Exploring the Field of Next-Generation Medical Care

In the field of healthcare, ICT is being used not just for medical record systems and medical accounting systems, but is expanding far afield to genome-related and drug discovery fields as well. Fujitsu has been providing medical accounting systems since the 1970s, and currently holds the top share in Japan's medical record systems market with a 49% share in academic medical centers and a 34% share in all hospitals. We have also successfully created regional medical networks that link multiple medical institutions, based on our track record of developing medical information systems over many years. In other areas, Fujitsu has deployed its medical cloud "HumanBridge" to 24 organizations nationwide. "HumanBridge" enables sharing of clinical information and mutual data backup in the event of a disaster.

In addition, in December 2013 Fujitsu established the Future Medical Care Center. The purpose of the center is to fully leverage ICT to create new businesses in areas such as health promotion, prevention of serious diseases, drug discovery, and personalized medicine. We collaborate on this with cutting-edge research laboratories and medical practitioners. Working closely with hospitals, universities and research institutions, government institutions, pharmaceutical companies, and others, Fujitsu seeks to make a significant contribution to shaping the future of medical care and forming a healthy society.

Exploring the Field of Next-Generation Transportation

In the transportation field, Fujitsu is advancing initiatives to enable automobiles to utilize information over networks.

The global automobile market is growing dramatically, led by emerging countries. To capitalize on this growth, Fujitsu is working intensively on ICT for automobiles. We are advancing Vehicle ICT to link cars and society using the ICT capabilities that we have developed over many years.

Through monitoring of vehicle status and other means, we intend to provide new value by, for example, improving fuel economy, providing fault diagnostics, and forecasting the useful life of consumable parts. We are also looking at ways to help alleviate traffic congestion and provide a common platform for providing services based on the vehicle's current location.

One key strength of Fujitsu in Vehicle ICT is its formidable security capabilities, which are an essential component of ICT. The prospect of driverless cars enabled through cloud-based systems is now very real, and there have already been hacking incidents targeting onboard automobile servers in the U.S. Automakers can no longer turn a blind eye to security issues.

Establishing robust security could also enable the creation of new business models. For example, car sharing services could be made accessible by simply registering one's tablet. Fujitsu will continue working to develop a "smart vehicle" as it contributes to the advancement of business and society in general.

Initiatives in Food and Agriculture

In the agriculture field, Fujitsu began providing the Akisai food and agriculture cloud service in 2012, based on continuous field trials with agricultural companies since 2008. Our aim was to contribute to a future of abundant food by applying the power of ICT. Today, this business has expanded to the point where the Akisai food and agriculture cloud is used by over 200 organizations, including not just agriculture companies, but also retailers and logistics companies, local governments, and agricultural cooperatives.

Furthermore, as an in-house initiative, in May 2014 Fujitsu began selling "low potassium lettuce" grown in a Fujitsu Group plant factory. We hope that this initiative will serve as a model for new entrants seeking to enter the agriculture business and contribute to the revitalization of local industry.

Agriculture is a field that will continue to expand globally.

To solve the food shortage problems arising from global population growth, the agriculture sector will need to make dramatic productivity improvements by implementing "smart agriculture," a new technology-driven agricultural production model. Japan's agricultural sector possesses extremely advanced technologies, and Fujitsu aims to reinvent smart agriculture by integrating these technologies with ICT, robotics, and energy technologies. At the same time, Fujitsu is working with the Japanese government and companies involved in this sector, to play a key role in exporting this agriculture model from Japan to other countries.

3 Expand Business Areas Globally

Standing on the threshold of the cloud computing era, our customers' needs for global ICT services are increasing at an ever faster pace. That is why strengthening the overseas business structure has become a key priority for Fujitsu. We established a global matrix structure in 2012 and have been pushing ahead with globalizing our operations. Until now, we had a separate organization in place to manage our international operations. In April 2014, however, we abolished the "International" category and reorganized our global operations into five regions. Under this new organizational structure, we will work to further increase collaboration on a global scale, including Japan.

Additionally, we established the Global Delivery group. Specifically, we will promote the global provision of uniform services centered on managed services and innovation solutions.

To strengthen global delivery capabilities, we will establish and expand global services locations. We will also establish globally standardized tools and platforms for providing services.

To achieve these priorities, we are initiating development investments, training and infrastructure development, and examining M&As.

As an example of how we are developing managed services, we helped a financial services organization outside Japan switch 50,000 PCs to thin client terminals. Through managed services in 20 countries around the world, including consulting on deployment, we are helping to enhance the global competitiveness of this customer.

Business deals like these are increasing rapidly in number. By reinforcing our global delivery structure, we are preparing to steadily meet this growing demand.

• Fujitsu's initiatives in ASEAN, a region on its way toward a new stage of growth

Market Characteristics

- Growth in the greater Mekong and Malay economic region
- Development of East-West corridor linking economies around the Indian Ocean (including Myanmar)
- Growing presence of Japanese corporations in ASEAN
- ASEAN Economic Community to launch in 2015

Fujitsu's Initiatives

- Promoting ODA* and government projects (special economic zones, smart city projects, accelerated building of social infrastructure)
- Expanding markets for made-in-Japan solutions (medical care, transportation, financial services)
- Developing business in Myanmar (opening of office in Yangon)
- Using ICT to support Japanese companies' accelerating expansion in the region

* ODA: Official Development Assistance

We will be focusing on the ASEAN region as a promising growth market.

We expect the ASEAN region to continue further economic development following the inception of the ASEAN Economic Community in 2015, in addition to the economic growth of the individual ASEAN countries. Working closely with governments and related organizations, Fujitsu will contribute to the development of social infrastructure in each country based on solutions that have a proven track record in Japan.

Fujitsu opened an office in Myanmar. We are using ICT to support Japanese companies' accelerating expansion in the ASEAN region, and are also stepping up efforts to expand markets for made-in-Japan solutions in the region.

Voluntary Adoption of IFRS

Starting in fiscal 2014, Fujitsu is voluntarily adopting IFRS for its consolidated financial statements. Outside of Japan, the Fujitsu Group has expanded its business across the globe, to regions such as Europe, the Americas, and Asia. As the importance of its business outside of Japan grows year by year, IFRS, a single, uniform accounting standard for Group companies, including those based outside of Japan, will enable coherent business management in and outside of Japan. Moreover, by implementing IFRS-based business management as the management platform for Fujitsu as a truly global company, the Company will pursue greater efficiency to promote global growth and to increase its corporate value. In adopting IFRS, Fujitsu also seeks to facilitate international comparisons of financial information in global capital markets.

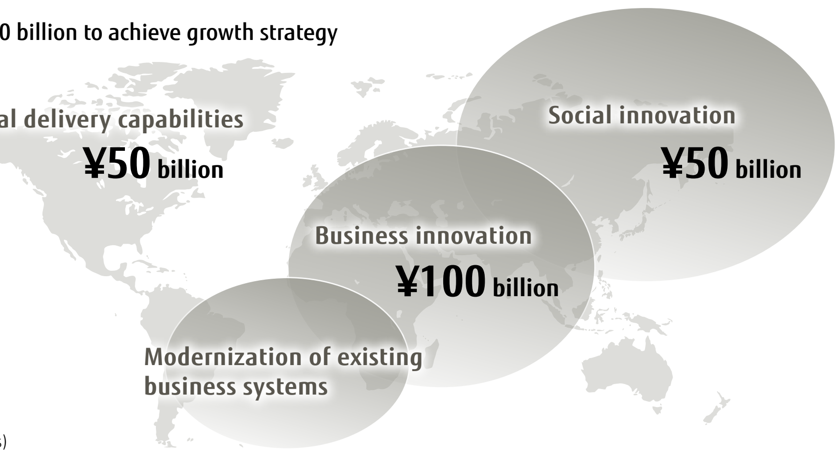
The figures in the medium-term management plan on the following page are calculated in accordance with IFRS.

4 Eyeing Further Growth, Together with Customers

In fiscal 2016, we are targeting Company wide operating profit of ¥250 billion, net profit of ¥150 billion or above, and free cash flow of over ¥130 billion. In Technology Solutions, we are targeting sales of ¥3,800 billion.

We will achieve growth by driving expansion in the cloud, mobile, big data, social, and other fields, in addition to expanding existing areas. We plan to grow sales at a faster pace overseas than in Japan. By reinforcing global delivery capabilities, we are targeting an increase in sales of just over ¥300 billion in the four regions outside Japan.

• Plan to invest ¥200 billion to achieve growth strategy



Sales targets for products and services supporting innovation*	
Cloud	: ¥350 billion
Mobile	: ¥260 billion
Big Data	: ¥250 billion
Social	: ¥240 billion

* Sales based on business deals (includes double-counting among categories)

We will also actively execute investments in order to achieve our growth strategy.

To achieve business innovation, we will execute development investments centered on next-generation cloud platforms, big data, and mobile initiative.

To achieve social innovation, we will help to solve social issues through product development investment and M&As in new fields such as next-generation medical care and transportation. We will push ahead with the development of tools and human resource training to strengthen the expansion of solutions globally. We will also eye M&As. Even as we proactively execute investments, we aim to attain steady earnings growth by fiscal 2016.

• To realize a Human Centric Intelligent Society, Fujitsu will work with customers to generate innovation in business and society

Open ecosystem connecting people, information and infrastructure

Fujitsu will work to generate innovation in business and society in order to realize a Human Centric Intelligent Society.

We will leverage our strengths in being able to support vertically integrated solutions spanning ICT infrastructure, business platforms, next-generation front-end interfaces, and other fields, as we work to create an open ecosystem.

We will strive to achieve sustainable growth and increase our corporate value.

PERFORMANCE HIGHLIGHTS

Fujitsu Limited and Consolidated Subsidiaries
*In accordance with the adoption of the amended IAS 19, the figures for fiscal 2012 have been retroactively revised.

Years ended March 31	2005	2006	2007	2008
FINANCIAL DATA				
Net sales	¥4,762,759	¥4,791,416	¥5,100,163	¥5,330,865
Sales outside Japan	1,422,095	1,591,574	1,825,255	1,923,621
Ratio of sales outside Japan (%)	29.9	33.2	35.8	36.1
POINT 1 Operating income	160,191	181,488	182,088	204,989
Operating income margin (%)	3.4	3.8	3.6	3.8
POINT 2 Net income (loss)	31,907	68,545	102,415	48,107
Cash flows from operating activities	¥ 277,232	¥ 405,579	¥ 408,765	¥ 322,072
Cash flows from investing activities	(15,129)	(234,684)	(151,083)	(283,926)
Free cash flow	262,103	170,895	257,682	38,146
Cash flows from financing activities	(212,034)	(207,840)	(234,953)	62,325
Inventories	¥ 478,510	¥ 408,710	¥ 412,387	¥ 383,106
Monthly inventory turnover rate (times)	0.71	0.88	0.93	1.03
Total assets	3,640,198	3,807,131	3,943,724	3,821,963
Owners' equity (total net assets – subscription rights to shares – minority interests in consolidated subsidiaries)	856,990	917,045	969,522	948,204
Return on equity (%)	3.7	7.7	10.9	5.0
POINT 3 Owners' equity ratio (%)	23.5	24.1	24.6	24.8
Return on assets (%)	0.9	1.8	2.6	1.2
Interest-bearing loans	1,082,788	928,613	745,817	887,336
D/E ratio (times)	1.26	1.01	0.77	0.94
Net D/E ratio (times)	0.73	0.55	0.31	0.36
R&D expenses	240,222	241,566	254,095	258,717
Capital expenditure	181,402	249,999	305,285	249,063
Depreciation	169,918	169,843	202,825	200,509
AMOUNTS PER SHARE OF COMMON STOCK (YEN AND U.S. DOLLARS):				
Net income (loss)	¥ 15.42	¥ 32.83	¥ 49.54	¥ 23.34
POINT 4 Cash dividends	6	6	6	8
Owners' equity	414.18	443.20	469.02	458.31
NON-FINANCIAL DATA (ESG INDICATORS)				
ENVIRONMENTAL				
Trends in total greenhouse gas emissions (whole group and global) (10,000 tons)	175.5	159.8	153.0	189.4
SOCIAL				
Number of employees	150,970	158,491	160,977	167,374
Trends in Female Managers (non-consolidated) (%)	1.7	1.8	2.2	2.4
GOVERNANCE				
Ratio of External Directors (non-consolidated) (%)	20.0	20.0	20.0	20.0

Note: The U.S. dollar amounts stated above and elsewhere in this report have been translated from yen, for readers' convenience only, at the rate of ¥103 = US$1, which was the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2014.

POINT 1 Operating Income

The operating income projection of ¥140.0 billion made at the beginning of the fiscal year was exceeded. Changes in the business environment for mobile phones caused the Ubiquitous Solutions segment to record lower segment profit year on year, but the Technology Solutions segment saw higher profit, owing to a recovery in ICT investments in Japan and other factors. Results in the Device Solutions segment also improved, bolstered by the impact of structural reforms and the weaker yen. Also contributing to these results were the effects of workforce-related measures, including emergency actions, and reductions in corporate expenses.

POINT 2 Net Income (Loss)

Fujitsu returned to profitability as profit for the year exceeded the initial projection of ¥45.0 billion. Structural reforms in the LSI device business and businesses outside Japan proceeded essentially as planned, and, while extraordinary losses of ¥59.3 billion were recorded to consolidate manufacturing locations in the mobile phone business and implement a shift in resources, these were accompanied by a recovery in core businesses and gains on sales of underutilized real estate and shareholdings.

					Yen (millions)	Year-on-Year Change (%)	U.S. Dollars (thousands)
2009	2010	2011	2012	2013*	2014	2014/2013	2014
¥4,692,991	¥4,679,519	¥4,528,405	¥4,467,574	¥4,381,728	**¥4,762,445**	**8.7**	**$46,237,330**
1,499,886	1,748,304	1,587,363	1,506,096	1,498,215	**1,801,491**	**20.2**	**17,490,204**
32.0	37.4	35.1	33.7	34.2	**37.8**		
68,772	94,373	132,594	105,304	88,272	**142,567**	**61.5**	**1,384,146**
1.5	2.0	2.9	2.4	2.0	**3.0**		
(112,388)	93,085	55,092	42,707	(79,919)	**48,610**	**–**	**471,942**
¥ 248,098	¥ 295,389	¥ 255,534	¥ 240,010	¥ 71,010	**¥ 175,532**	**147.2**	**$ 1,704,194**
(224,611)	1,020	(142,108)	(190,830)	(161,481)	**(128,873)**	**–**	**(1,251,194)**
23,487	296,409	113,426	49,180	(90,471)	**46,659**	**–**	**453,000**
(47,894)	(405,310)	(166,933)	(138,966)	100,384	**(44,794)**	**–**	**(434,893)**
¥ 306,456	¥ 322,301	¥ 341,438	¥ 334,116	¥ 323,092	**¥ 330,202**	**2.2**	**$ 3,205,845**
0.98	1.04	1.02	1.01	1.00	**1.07**		
3,221,982	3,228,051	3,024,097	2,945,507	2,920,326	**3,079,534**	**5.5**	**29,898,388**
748,941	798,662	821,244	841,039	624,045	**573,211**	**–8.1**	**5,565,155**
(13.2)	12.0	6.8	5.1	(11.8)	**8.1**		
23.2	24.7	27.2	28.6	21.4	**18.6**		
(3.2)	2.9	1.8	1.4	(2.7)	**1.6**		
883,480	577,443	470,823	381,148	534,967	**519,640**	**–2.9**	**5,045,049**
1.18	0.72	0.57	0.45	0.86	**0.91**		
0.47	0.20	0.14	0.14	0.40	**0.38**		
249,902	224,951	236,210	238,360	231,052	**221,389**	**–4.2**	**2,149,408**
167,690	126,481	130,218	140,626	121,766	**122,282**	**0.4**	**1,187,204**
223,975	164,844	141,698	131,577	116,565	**115,180**	**–1.2**	**1,118,252**
¥ (54.35)	¥ 45.21	¥ 26.62	¥ 20.64	¥ (38.62)	**¥ 23.49**	**–**	**$ 0.228**
8	8	10	10	5	**4**	**–20.0**	**0.039**
362.30	386.79	396.81	406.42	301.57	**277.03**	**–8.1**	**2.690**
166.8	131.3	118.5	109.8	101.4	**94.8**	**–6.5**	
165,612	172,438	172,336	173,155	168,733	**162,393**		
2.9	3.1	3.5	3.7	4.0	**4.3**		
20.0	30.0	30.0	36.4	33.3	**27.3**		

POINT 3 Owners' Equity Ratio

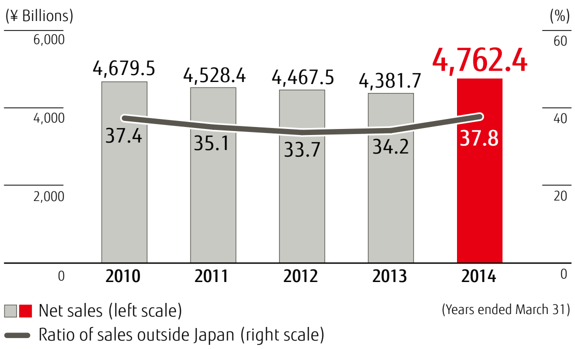
Shareholders' equity increased by ¥48.6 billion on the posting of net income in fiscal 2013. Foreign currency translation adjustments increased by ¥61.7 billion compared to the end of fiscal 2012 on a reversal stemming from the liquidation of a US subsidiary and on the depreciation of the yen. As a result of remeasurements of defined benefit plans recorded due to an unrecognized obligation for retirement benefit plans in Japan brought onto the balance sheet in accordance with a revision in the accounting standard for retirement benefits, the owners' equity ratio was 18.6%, representing a decline of 2.8 percentage points compared to the end of fiscal 2012.

POINT 4 Dividends

In its fiscal 2012 full-year non-consolidated results, Fujitsu posted negative retained earnings. Accordingly, the Company did not pay a year-end dividend for fiscal 2012 or an interim dividend in fiscal 2013. The implementation of a variety of measures, has, on a non-consolidated basis, enabled Fujitsu's financial condition to recover to a level at which dividend payments can be resumed for the year-end dividend of fiscal 2013. In consideration of the future sustainability of dividend payments, however, Fujitsu has decided to pay a year-end dividend of ¥4 per share.

FINANCIAL DATA

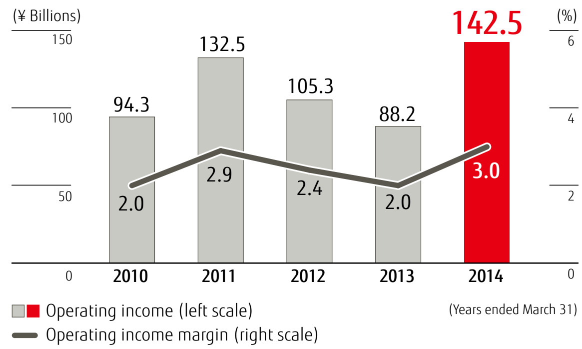
NET SALES AND RATIO OF SALES OUTSIDE JAPAN



Overseas Sales Ratio **+3.6** percentage points Up

Overall sales increased 8.7% year on year. Excluding the impact of foreign exchange fluctuations, sales increased by 2.0%. The overseas sales ratio climbed 3.6 percentage points to 37.8% due to the effect of foreign currency exchange rates.

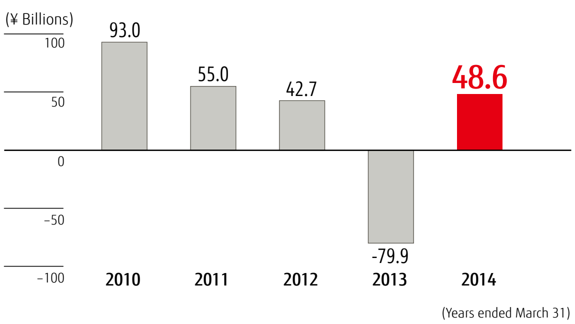
OPERATING INCOME AND OPERATING INCOME MARGIN



Operating Income Margin **+1.0** percentage point Up

The operating income margin improved 1.0 percentage point, mainly due to the effects of higher sales in the Technology Solutions segment, structural reforms, and workforce-related measures.

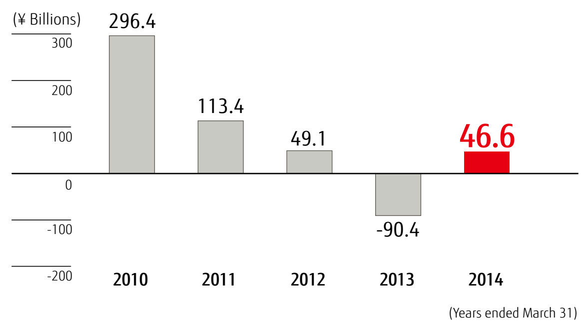
NET INCOME (LOSS)



Net Income (Loss) Change of **+¥128.5** billion Up

Fujitsu posted an extraordinary loss of ¥59.3 billion, although this was offset by a recovery on the business front, with a ¥128.5 billion year-on-year increase in income that exceeded the initial forecast.

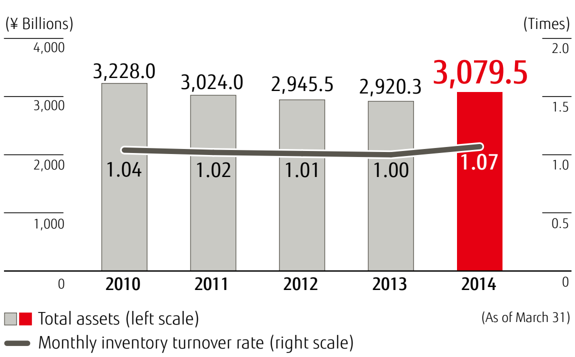
FREE CASH FLOW



Free Cash Flow **+¥137.1** billion Up

Driven by a strong recovery in net profit, free cash flow saw a significant increase in net cash inflows of ¥137.1 billion compared with fiscal 2012. Excluding one-time items such as the special contribution to the defined benefit corporate pension fund of a UK subsidiary, free cash flow in fiscal 2013 would have been positive ¥14.4 billion, a year-on-year increase of ¥6.0 billion, largely unchanged from the previous fiscal year.

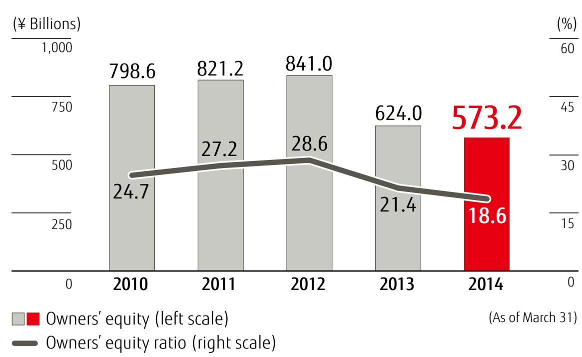
TOTAL ASSETS AND MONTHLY INVENTORY TURNOVER RATE



Monthly Inventory Turnover Rate **+0.07** times Up

Total assets increased by approximately ¥160 billion from the end of the previous fiscal year due to the yen's depreciation. The monthly inventory turnover rate was improved by 0.07 times from the end of fiscal 2012.

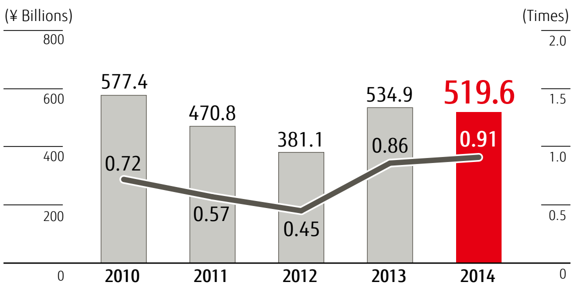
OWNERS' EQUITY/OWNERS' EQUITY RATIO



Owners' Equity Ratio **−2.8** percentage points Down

The owners' equity ratio declined to 18.6% primarily as a result of bringing the unrecognized obligation for retirement benefits for plans, both in and outside of Japan, onto the balance sheet.

INTEREST-BEARING LOANS AND DEBT/ EQUITY(D/E) RATIO



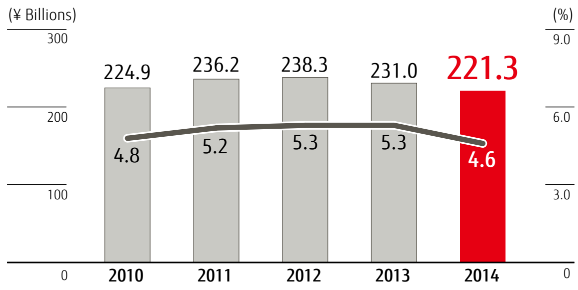
(As of March 31)

Interest-bearing loans (left scale)
D/E ratio (right scale)

D/E Ratio +0.05 of a percentage point Up

Fujitsu made progress in paying down borrowings while issuing ¥80.0 billion in straight bonds to cover the redemption of straight bonds and repayment of short-term borrowings. The D/E ratio was 0.91 times, an increase of 0.05 of a point compared to the end of fiscal 2012.

R&D EXPENSES



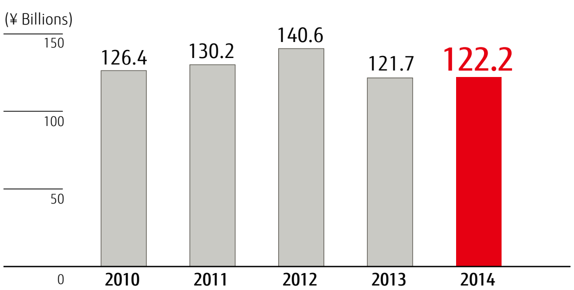
(Years ended March 31)

R&D expenses (left scale)
Ratio to net sales (right scale)

R&D Expenses −4.2 % Down

R&D expenses increased in the Technology Solutions segment, with a primary focus on network products. Overall R&D spending fell by 4.2%, mainly due to increased development efficiency in mobile phones and PCs, and the effects of selling the microcontroller and analog device businesses in the LSI device business.

CAPITAL EXPENDITURE

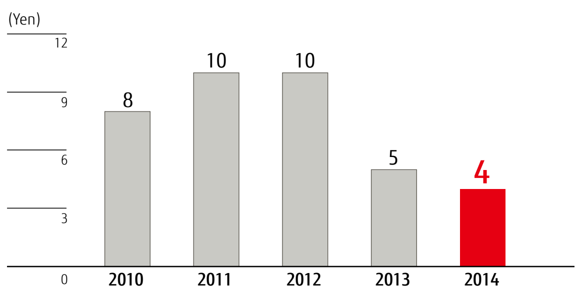


(Years ended March 31)

Capital Expenditure +0.4 % Up

Capital expenditure was largely unchanged from the previous year. Capital investments increased in the services business, mainly in connection with data centers in and outside of Japan. However, this was offset by keeping expenditure in the LSI business under control.

CASH DIVIDENDS



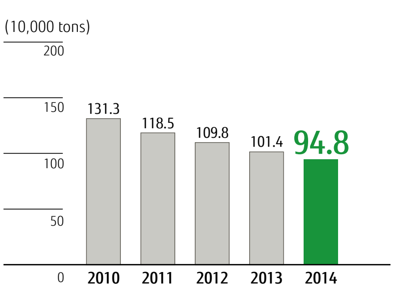
(Years ended March 31)

Cash Dividends −¥1 Down

As retained earnings became negative on a non-consolidated basis, Fujitsu did not pay an interim dividend in fiscal 2013, after refraining from paying a year-end dividend for fiscal 2012. However, the Company decided to pay a year-end dividend of ¥4 per share for fiscal 2013. As a result, the annual dividend for fiscal 2013 comprised only the year-end dividend of ¥4 per share.

NON-FINANCIAL DATA (ESG INDICATORS)

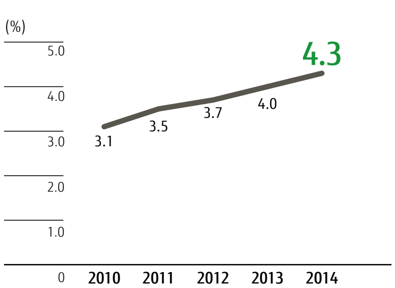
TRENDS IN TOTAL GREENHOUSE GAS EMISSIONS (WHOLE GROUP AND GLOBAL)



(Years ended March 31)

Fujitsu's total greenhouse gas emissions on a global basis as of the end of fiscal 2014 had been cut by 29.4% compared to fiscal 1991 year-end levels, exceeding the 20% target.

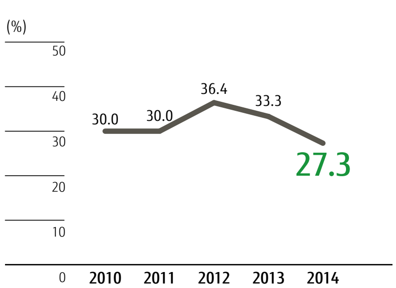
TRENDS IN FEMALE MANAGERS (NON-CONSOLIDATED)



(Years ended March 31)

Fujitsu is promoting selective training for female employees, among other initiatives, aiming to achieve a 20% ratio of women both as employees and as newly appointed managers by fiscal 2020.

RATIO OF EXTERNAL DIRECTORS (NON-CONSOLIDATED)



(Years ended March 31)

Fujitsu actively appoints external directors to strengthen its oversight function. As of the end of fiscal 2013, 3 of the 11 directors were external directors. One external director resigned as of the end of December 2013, lowering the ratio of external directors compared with the end of fiscal 2012.

MESSAGE TO SHAREHOLDERS AND OTHER INVESTORS

President
Masami Yamamoto

We positioned the fiscal year ended as a year of structural reforms, and pushed ahead with workforce-related measures and reorganization of underperforming businesses. By reaping benefits from these initiatives and realizing steady business growth centered on the Technology Solutions segment, we achieved the business targets we set out at the beginning of the fiscal year.

In May 2014, Fujitsu established a new medium-term management plan. The fiscal year ending March 31, 2015 is a year for shifting Fujitsu onto a medium-term growth path, as we are taking our first steps to achieve new growth. Moving in this direction, we are increasing upfront investments to spur global business expansion and hone the competitiveness of our products and services. We will increase investment in medium- to long-term growth, as we pursue higher earnings by expanding the ICT business domains.

A REVIEW OF FISCAL 2013

- Achieved initial forecasts and returned to profitability posting net income of ¥48.6 billion

To page 017

- Implemented structural reforms to shift to Fujitsu's target business model

To page 018

FUTURE CHALLENGES AND MEASURES

- IFRS base targets for fiscal 2014 are net sales of ¥4,800.0 billion, operating profit of ¥185.0 billion, and net profit (profit for the year attributable to owners of the parent) of ¥125.0 billion

To page 019

- Medium-term goals for fiscal 2016 are operating profit of ¥250.0 billion, net profit of ¥150.0 billion or above, and free cash flow of over ¥130.0 billion

To page 020

- Fujitsu will promote its human centric innovation activities to create business and social value

To page 020

- Fujitsu reorganized its operations into five regions, namely EMEIA, the Americas, Asia, Oceania, and Japan, in order to accelerate the globalization of its operations

To page 021

CSR ACTIVITIES

- Contributing to solving global issues by applying ICT

To page 022

RETURN OF PROFITS AND DIVIDEND POLICY

- In fiscal 2013 we paid only the year-end dividend, making the annual dividend ¥4 per share. In fiscal 2014, we plan to pay an annual dividend of ¥8 per share

To page 023

SHAREHOLDERS AND INVESTORS

- We will put Fujitsu on a sustainable growth path for the future and steadily execute our plans

To page 023

Explanations for underlined words can be found in the glossary on pages 160-162.

A REVIEW OF FISCAL 2013

Fiscal Year Ended March 31, 2014 (Fiscal 2013) in Review

Fujitsu positioned fiscal 2013 as a year of structural reforms, and pushed ahead with workforce-related measures and structurally reformed underperforming businesses. In addition to reaping the benefits of these initiatives, we saw the Technology Solutions segment grow steadily, mainly in Japan. As a result, we achieved our initial net sales and operating income forecasts. Net sales were ¥4,762.4 billion, against an initial forecast of ¥4,550.0 billion, and operating income was ¥142.5 billion, the initial forecast having been ¥140.0 billion. Fujitsu also returned to profitability, posting net income of ¥48.6 billion, again beating the initial target of ¥45.0 billion.

Fiscal 2013 was a year of intense structural reforms. We undertook workforce-related measures and conducted a far-reaching reorganization of underperforming businesses. As a result, we have successfully rebuilt the structure of the company, giving it the capability to respond to a variety of changes in the market. Looking at our actual businesses, the Japanese economy started to expand from the second half of fiscal 2013, leading to steady growth in businesses centered on the Technology Solutions segment. Notably, in Japan we saw orders and sales increase quarter after quarter. In the Technology Solutions segment, net sales increased by 10% year on year, and operating profit rose by over 20%. Consequently, coupled with the benefits of structural reform measures, we attained the net sales and operating income targets set at the beginning of the fiscal year. Consolidated net sales rose 8.7% year on year to ¥4,762.4 billion against an initial forecast of ¥4,550.0 billion, and operating income was ¥142.5 billion against an initial forecast of ¥140.0 billion. Fujitsu also restored bottom-line profitability, with net income improving ¥128.5 billion to ¥48.6 billion.

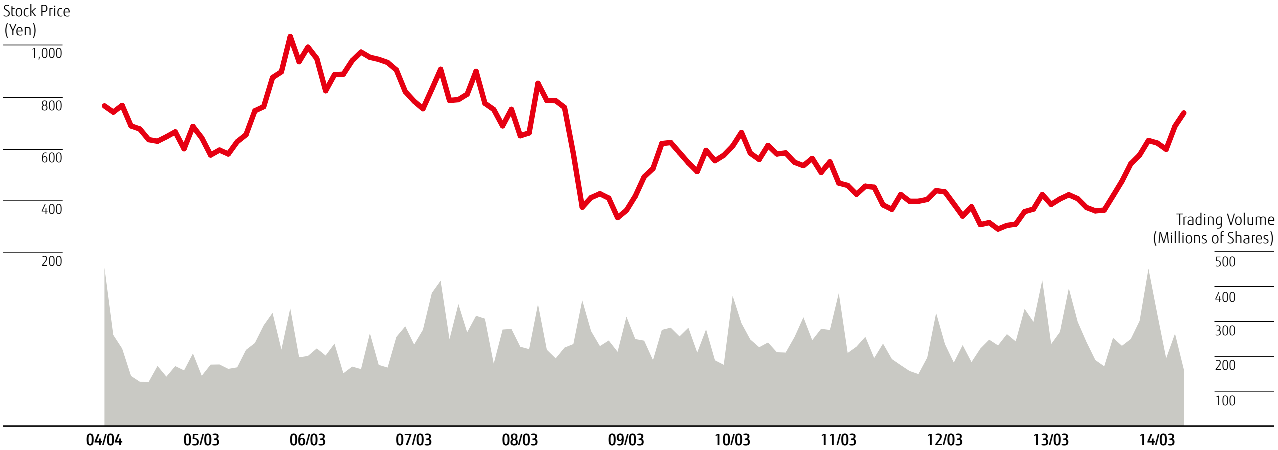
FISCAL 2013 FINANCIAL RESULTS

(Billion Yen)

		FY2012 (J-GAAP)	FY2013 (J-GAAP)	Change vs. FY2012	FY2013 (IFRS)
Consolidated Results	Net Sales	4,381.7	4,762.4	+380.7	4,762.4
	Operating Income	88.2	142.5	+54.2	147.2
	Extraordinary Gains or Losses	–150.5	–47.7	+102.8	–
	Net Income*	–79.9	48.6	+128.5	113.2
Operating Income (by Sector)	Technology Solutions	173.9	209.1	+35.1	233.0
	Ubiquitous Solutions	9.6	–22.1	–31.7	–26.8
	Device Solutions	–14.2	28.3	+42.6	11.5

* In IFRS, profit attributable to owners of the parent company
* The auditing of IFRS figures is not yet complete.

STOCK PRICE (10 YEARS)



Stock Price (left scale) Trading Volume (right scale) * Stock prices are closing prices on the last trading day of the month

A REVIEW OF FISCAL 2013

Structural Reforms

In the design and development operations of the semiconductor business, Panasonic Corporation, Development Bank of Japan, Inc., and Fujitsu signed a memorandum of understanding in April 2014 on establishing a new integrated system LSI (SoC) company. In addition, Fujitsu sold the microcontroller and analog device business in August 2013 and the gallium nitride (GaN) business in February 2014. With regard to business outside Japan, Fujitsu had mostly completed the workforce reductions in continental Europe (1,500 people) as of March 31, 2014. Besides advancing measures to strengthen management fundamentals, we started implementing structural reforms in the mobile phone business in January 2014.

In February 2013, Fujitsu announced that it would implement structural reforms to shift to its target business model. Specifically, we took steps to deal with the underperforming semiconductor businesses and to structurally transform our business in Europe. We also unveiled plans to build corporate strength by taking the offensive with such structural reforms as workforce-related measures, streamlining corporate functions, and reviewing overall costs.

Semiconductor Business

In exploring solutions for the semiconductor business, we took a basic approach of preserving and utilizing our semiconductor technology base, ensuring stable supplies to customers, and considering the impact on employment and local communities. Taking these factors into consideration, we implemented structural reforms and achieved the following results:

1) Signed a memorandum of understanding between Panasonic Corporation, Development Bank of Japan, Inc., and Fujitsu on establishing a new integrated system LSI (SoC) company in system LSI development and design operations in April 2014.
2) Sold the microcontroller and analog device business to US company Spansion Inc. in August 2013.
3) Integrated our GaN development & design operations with US company Transphorm, Inc. in February 2014.

We had considered transferring the business of the Mie Plant, where we operate cutting-edge production lines, by establishing a new foundry company with a partner and by selling the plant to it. However, we were unable to reach an agreement on it. Nevertheless, we saw a dramatic improvement in the profitability in the business of the Mie Plant as it achieved high capacity utilization throughout fiscal 2013. Looking ahead, we intend to continue manufacturing at the Mie Plant, but over the medium to long term will consider realignment initiatives together with partners.

Business Outside Japan

For business outside Japan, we are shifting the focus of our business portfolio in continental Europe from hardware such as PCs and servers to services. In line with this approach, we moved forward to reduce the workforce by 1,500 people. As a result, we had completed more than 90% of the planned workforce reduction as of March 31, 2014.

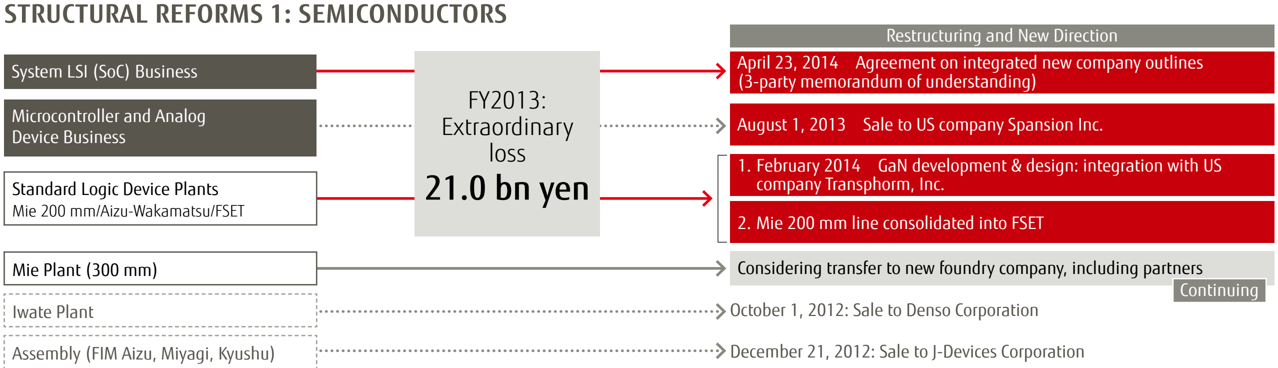
Measures to Strengthen Management Fundamentals

In personnel initiatives, Fujitsu implemented an early retirement scheme for managerial level employees and reduced the volume of external orders. We also worked to streamline corporate functions and review costs. By shifting resources to frontline business departments, we strengthened our sales force and reduced back-office costs.

Mobile Phone Business

In January 2014, we announced the consolidation of mobile phone manufacturing subsidiaries' production lines and a shift in development resources. In April 2014, we integrated the production line of Fujitsu Mobile-phone Products Limited into that of Fujitsu Peripherals Limited. We also streamlined the development framework by shifting personnel to the solutions business for companies and to new business domains such as automobiles.

STRUCTURAL REFORMS 1: SEMICONDUCTORS



FIM: Fujitsu Integrated Microtechnology; FSET: Fujitsu Semiconductor Technology.
FIM and FSET and wholly owned subsidiaries of Fujitsu Semiconductor Limited

FUTURE CHALLENGES AND MEASURES

IFRS Base targets for the Fiscal Year Ending March 31, 2015 (Fiscal 2014)

We are positioning fiscal 2014 as a year for shifting Fujitsu to medium- to long-term growth. Accordingly, we are increasing our upfront investments to drive growth in global business and hone the competitiveness of our products and services. As a result, our fiscal 2014 targets are net sales of ¥4,800.0 billion and operating profit of ¥185.0 billion, up 25.6% year on year. We are forecasting profit before tax of ¥190.0 billion and net profit (profit for the year attributable to owners of the parent) of ¥125.0 billion.

Fujitsu has decided to voluntarily adopt International Financial Reporting Standards (IFRS) for its consolidated financial results, beginning in fiscal 2014. As the importance of our business outside Japan grows year by year, we have decided to unify our accounting standards with Group companies outside Japan that have already adopted IFRS, which will enable coherent business management for Group companies both in and outside of Japan. In adopting IFRS, Fujitsu also seeks to facilitate international comparisons of financial information in global capital markets.

Having positioned fiscal 2014 as a year for shifting Fujitsu to medium- to long-term growth, we are targeting net sales of ¥4,800.0 billion and operating profit of ¥185.0 billion (IFRS basis) for the fiscal year.

Our net sales forecast reflects strong growth projected in the services business and an anticipated recovery in the demand for electronic components both in and outside Japan. We have also factored in a projected increase in sales of network products and car audio and navigation equipment outside Japan. On the other hand, in the Ubiquitous Solutions segment, we are expecting a decline in consumer demand on account of the increased consumption tax rate, lower demand for PCs, which had risen owing to the need for replacements prior to the end of support for an operating system product, and declining unit sales of mobile phones, among other factors.

Turning to the operating profit forecast, in the Ubiquitous Solutions segment, we are expecting a decline in extraordinary costs in the mobile phone business, with progress in quality assurance and in optimizing the level of inventory. We also project an effect from steps taken in fiscal 2013 such as the integration of manufacturing sites and the shift of development resources into growth fields. In the Technology Solutions and Device Solutions segments, we are expecting higher earnings from actual businesses. However, the level of the overall increase in earnings is expected to be limited because of higher upfront investments to expand and enhance new fields with the aim of driving medium- to long-term growth, primarily in the Technology Solutions segment.

Specifically, we will invest ¥10.0 billion, mainly in cloud computing-related areas in Japan and in multi-regional business deals outside Japan. Additionally, we will invest ¥4.0 billion related to SDN in network products. Furthermore, we will make investments of ¥10.0 billion to drive medium- to long-term growth, such as investments in innovation fields including next-generation medical care and the basic research expenses of Fujitsu Laboratories Ltd. In total, Fujitsu is forecasting upfront investment of around ¥25.0 billion.

Fujitsu is forecasting profit before tax of ¥190.0 billion and profit for the year attributable to owners of the parent of ¥125.0 billion.

FISCAL 2014 FULL-YEAR CONSOLIDATED FORECAST (IFRS BASIS)

(Billion Yen)

	Fiscal 2013 (Actual)	Fiscal 2014 (Forecast)	Change	Change (%)
Net Sales	4,762.4	4,800.0	37.5	0.8
Operating Profit (Operating Profit Margin)	147.2 (3.1%)	185.0 (3.9%)	37.7 (0.8%)	25.6
Profit Before Tax	161.1	190.0	28.8	17.9
Net Profit (Profit for the Year Attributable to Owners of the Parent)	113.2	125.0	11.7	10.4

FUTURE CHALLENGES AND MEASURES

Medium-Term Goals

We are pursuing earnings growth by expanding ICT business areas and increasing investment aimed at medium- to long-term growth. Our medium-term goals for fiscal 2016 are operating profit of ¥250.0 billion, net profit of ¥150.0 billion or above, and free cash flow of over ¥130.0 billion.

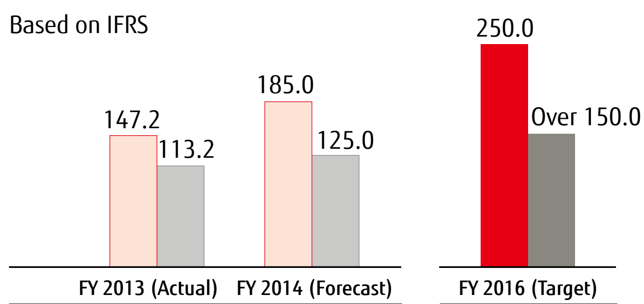
Fujitsu is working to drive growth by expanding ICT business areas. In existing business areas for enterprises, we are striving to expand ICT usage through modernization and business innovation, with the aim of generating sales and earnings. And through social innovation, we are expanding into new ICT usage areas such as healthcare, transportation, and agriculture. Furthermore, we are targeting sustainable growth by developing these initiatives globally.

Moreover, we will actively make investments to achieve these growth strategies. To realize business innovation, we will invest in development, focusing on next-generation cloud platforms, big data, and mobile technology. For social innovation, we will help to solve social issues by investing in product development and conducting M&As in new fields such as next-generation medical care and next-generation transportation. To bolster the expansion of solutions globally, we will explore M&As, in addition to pushing ahead with the development of tools and nurturing human resources.

Even as we aggressively execute these investments, we intend to ensure steady earnings growth in fiscal 2016. Our targets for fiscal 2016 are operating profit of ¥250.0 billion, net profit of ¥150.0 billion or above, and free cash flow of over ¥130.0 billion.

MEDIUM-TERM TARGETS

(Billion Yen)



	FY 2013 (Actual)	FY 2014 (Forecast)	FY 2016 (Target)
FCF	46.6	80.0	Over 130.0

Operating Profit   Profit for the Year*

* Profit attributable to owners of the parent company

FUTURE CHALLENGES AND MEASURES

Human Centric Innovation

People, information and infrastructure are important elements for achieving innovation in a hyperconnected world, where people, goods, and all manner of things are connected through networks. Through solutions and services that integrate those elements, Fujitsu is expanding its human centric innovation activities to create business and social value.

The environment surrounding ICT is currently in a period of major transformation, and we believe that there are many opportunities to make great progress. Looking ahead, we believe that it will be crucial to seize on those opportunities in order to achieve our medium-term goals and continue growing thereafter.

The role of ICT is changing. Conventionally, ICT has been a means of improving productivity and raising business efficiency, but now it is becoming a tool that can be used to achieve innovation. A hyperconnected world is emerging in which people, goods, and all manner of things will be connected through networks. The driving force behind the creation of this new world is the Internet of Everything (IoE). All manner of things will be connected through the Internet, generating vast amounts of data. By utilizing this data, new services will be created.

Fujitsu believes that three management resources, namely, people, information, and infrastructure, will be the crucial elements in this new hyperconnected world. Furthermore, business and social value will be created through solutions and services that integrate people, information, and infrastructure. We refer to this process as "human centric innovation."

Human centric innovation is realized by reaching out across boundaries to connect different business fields and sectors, rather than remaining confined within a single company or organization. Building and using an ecosystem spanning business sectors will make it possible to jointly create optimal value for each individual. Furthermore, we believe that we can realize our vision of a Human Centric Intelligent Society by creating customers and value through the use of ecosystems that span multiple business sectors.

HUMAN CENTRIC INNOVATION

FUTURE CHALLENGES AND MEASURES

New Global Matrix Structure

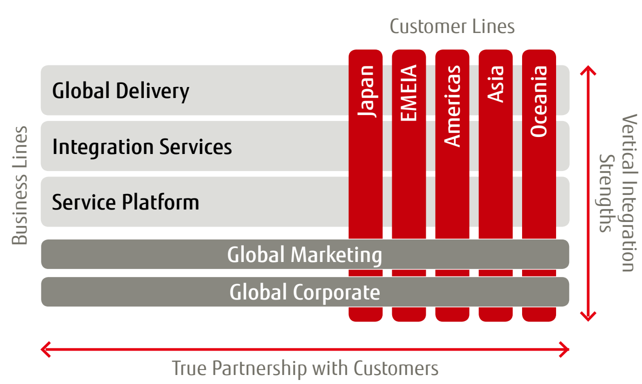
In April 2014, Fujitsu reorganized its operations into five regions, namely EMEIA (Europe, Middle East, India, and Africa), the Americas, Asia, Oceania, and Japan, in order to accelerate the true globalization of its operations. Additionally, Fujitsu established the Global Delivery group to manage service delivery departments at each location around the world. Through these measures, Fujitsu has put in place an organizational structure to provide uniform services globally and in a timely manner.

Looking ahead, the key for the Fujitsu Group to attain further growth will be how we grow our business outside of Japan and in areas of innovation. In business outside of Japan, we reorganized operations into a new global matrix structure that can bring the strengths of each Group location together and maximize their capabilities on a global scale.

Under our previous matrix formation, we developed business based on the two pillars of "Japan" and "International Business" operations for our customer lines. Under the new structure, we no longer speak of "Japan" and "Overseas," and we have reorganized these categories into a flat organization consisting of five regions: EMEIA, the Americas, Asia, Oceania, and Japan. Additionally, we promote rapid decision-making and execution by appointing to each region top management who will be accountable for earnings.

Furthermore, we established the new Global Delivery group to bridge between customer segments and business lines. The group will globally coordinate customer segments and business lines by consolidating service delivery functions from locations worldwide, including Japan. This will enable products and services developed in one region to be supplied to customers in any other region.

CHANGES TO ORGANIZATIONAL STRUCTURE



CSR ACTIVITIES

Fujitsu's vision for society and social contribution

We are contributing to solving global issues by applying ICT. Specifically, we are charting a course to a brighter future through innovation and by utilizing ICT, which has begun to demonstrate the power to transform society. Guided by our brand promise of "shaping tomorrow with you," we are steering the Fujitsu Group with an emphasis on creating value in partnership with stakeholders.

Business cannot thrive without a sound global environment and society, so managers ultimately have a responsibility to pursue sustainability. To do so, it is essential for companies to put in place various systems needed to operate in society, such as respect for human rights and legal compliance, help solve global issues through business, and continue to generate appropriate profits.

The power of ICT has grown beyond just the ability to transform business and business processes (business innovation) – it has begun to have the potential to transform society. Humanity must sustainably secure food and other resources to prosper, and this means we must fundamentally change how we manage water, soil, energy, and other resources. We believe that ICT can lead the way to solving these sorts of issues. Fujitsu will therefore embrace the challenge of creating a social innovation business that will work to solve global issues in such fields as agriculture, medicine, and education, as future growth fields.

Of course, I do not hold the simplistic belief that all of humankind can attain happiness merely by advancing the use of ICT. We must also work to reduce the energy consumption of ICT itself, including the efficient operation of datacenters. As people have become more closely connected, positive developments have also been accompanied by various issues. Specifically, this has caused a dramatic increase in risks facing society, such as human rights and labor issues in the supply chain and digital society, cyber-attacks, the spread of rumors and infringements of intellectual property. In view of these risks, Fujitsu will fulfill its social responsibilities as an ICT company by working closely with governments and related institutions to help build an environment where all people can have open and equal access to ICT.

Fujitsu supports the United Nations Global Compact's 10 principles in the four areas of human rights, labor, the environment and anti-corruption, as a signatory company, in order to conduct a sustainable business. Furthermore, under the global matrix structure launched in March 2014, we are introducing a CSR management cycle using the ISO 26000 framework (a social responsibility guideline) at 120 Group companies worldwide. Looking ahead, Fujitsu will continue to implement business activities in line with the expectations and demands of stakeholders based on its brand promise of "shaping tomorrow with you," with the aim of helping to realize a sustainable society.

RETURN OF PROFITS AND DIVIDEND POLICY

Stance on returns to shareholders and dividend policy

We decided to forgo payment of the interim dividend for fiscal 2013 as retained earnings became negative on a non-consolidated basis in the previous fiscal year. As a result, we paid only the year-end dividend, making the annual dividend ¥4 per share. In fiscal 2014, we plan to pay an annual dividend of ¥8 per share, including an interim dividend of ¥4 per share.

Under Fujitsu's policy on the distribution of earnings, a portion of retained earnings is paid to shareholders to provide a stable return, and a portion is retained by the Company to strengthen its financial base and support new business development opportunities that will result in improved medium- and long-term performance. In addition, taking into consideration the level of profit, Fujitsu aims to further increase the distribution of profit to shareholders when the financial base is sufficiently strong, including through share buybacks.

In its fiscal 2012 non-consolidated results, Fujitsu posted large losses, including a loss on valuation of shares in affiliates and business restructuring charges, resulting in negative retained earnings. Accordingly, we suspended the year-end dividend for fiscal 2012 and did not pay an interim dividend in fiscal 2013.

After implementing various measures, Fujitsu's financial condition on a non-consolidated basis has recovered to a level at which dividend payments can be resumed. Accordingly, we have decided to pay a year-end dividend for fiscal 2013. However, given that earnings are still recovering, and in consideration of the future sustainability of dividend payments, we decided to pay a year-end dividend of ¥4 per share.

With respect to the payment of dividends from retained earnings in fiscal 2014, we plan to restore biannual dividend payments based on an interim and year-end dividend. We intend to resume the previous level of dividends (interim and year-end dividends of ¥5 per share each) as soon as possible. However, we believe that our first priority is to ensure the payment of sustainable interim and year-end dividends. Accordingly, we plan to pay an annual dividend of ¥8 per share for fiscal 2014, including an interim dividend of ¥4 per share.

BREAKDOWN AND TREND OF ANNUAL DIVIDENDS

Record Date	Per Share Interim	Per Share Year-end	Per Share Annual
Fiscal 2012 (Actual)	¥5	¥0	¥5
Fiscal 2013 (Actual)	**¥0**	**¥4**	**¥4**
Fiscal 2014 (Forecast)	¥4	¥4	¥8

SHAREHOLDERS AND INVESTORS

Message to shareholders and investors

We will increase our strategic investments aimed at expanding into new ICT usage areas and driving global business expansion, putting Fujitsu on a sustainable growth path for the future and steadily executing our plans with the goal of increasing shareholder value.

Until fiscal 2013, we steadily pushed ahead with enhancing and transforming our businesses through structural reforms, and increased our capacity to provide new value to customers on a one-stop basis. As a result, although the owners' equity ratio and certain other metrics declined temporarily, the foundation for our next stage of growth has steadily become more solid.

Fujitsu is determined to become an enterprise that is truly worthy of the trust of its customers by restoring its strength as a company, including a strong financial position. We believe that fiscal 2014 is a crucial year for achieving this goal. We have drawn up a new growth strategy as a roadmap for getting us there. We believe that now is the perfect opportunity to spur growth based on ICT. To this end, we will rapidly increase our earnings capacity and steadily put our plans into action with the goal of increasing shareholder value.

A MESSAGE FROM THE CFO

Corporate Senior Vice President Hidehiro Tsukano

Performance in Fiscal 2013

The global economy during fiscal 2013 continued to experience a moderate recovery. In Europe, there was a resumption of economic growth, and signs of an economic recovery, particularly in Germany and the UK. In the US, uncertainties over the federal government's fiscal policies eased, and the economy continues to recover, especially consumer spending and corporate capital investment.

In Japan, thanks to a stock market rally and yen depreciation spurred on by the government's economic policy and monetary easing by the Bank of Japan, the economy is undergoing a moderate recovery. Consumer spending rose, in part spurred by last-minute demand for purchases prior to an increase in the consumption tax rate. There has been a moderate recovery in exports resulting from an improved economic environment owing to the weaker yen and recovery in markets outside Japan.

ICT investment in Japan is gradually increasing on signs of a rebound in corporate capital investment resulting from a recovery in corporate earnings.

Under these conditions, consolidated net sales for fiscal 2013 were ¥4,762.4 billion (US$46,237 million), an increase of 8.7% from fiscal 2012. Excluding the impact of foreign exchange fluctuations, sales were up by 2.0%. Net sales in Japan increased by 2.7%. Sales of mobile phones were down sharply in the first half, but sales of system integration services increased, mainly to the public sector and financial institutions, as did sales of PCs and network products. Outside Japan, sales were up 20.2% from the previous fiscal year, and on a constant currency basis, increased by 1.0%. Sales of car audio and navigation equipment and optical transmission systems in North America were higher than fiscal 2012.

By segment, sales in the Technology Solutions segment increased from the previous fiscal year. Contributing factors included increased sales on account of expanded investments in system integration, as well as investments in network products by telecommunications carriers seeking to expand LTE service area coverage and increase transmission speeds. There was also a boost due to foreign exchange rate effects. The Ubiquitous Solutions segment posted a year-on-year decline in sales. The decline came despite a significant increase in enterprise PC sales brought about by higher demand for replacements due to the end of support for an operating system; however, mobile phone sales in the first half fell sharply due to a revision of smartphone sales strategies by telecommunications carriers. In the Device Solutions segment, sales rose overall. Sales in Japan fell, mainly in digital audio-visual equipment and IT equipment, but outside Japan, sales of LSI devices increased, primarily for use in smartphones.

Gross profit was ¥1,269.1 billion, up ¥65.4 billion from fiscal 2012. The increase was attributable to foreign exchange movements and the beneficial effect of initiatives for improving profitability, although there was a decline in mobile phone sales. The gross profit margin was 26.7%, a decline of 0.8 of a percentage point compared to the previous fiscal year, primarily the result of deteriorating profitability in mobile phones. Selling, general and administrative expenses were ¥1,126.6 billion, an increase of ¥11.1 billion from fiscal 2012, attributable to foreign exchange effects and other factors. We made progress in generating Group-wide cost efficiencies, and selling, general and administrative expenses declined on a constant-currency basis.

As a result, operating income was ¥142.5 billion, an increase of ¥54.2 billion compared to fiscal 2012. The operating income margin increased 1.0 percentage point to 3.0%. Structural reforms in the LSI device business and a business outside of Japan contributed approximately ¥30 billion to this increase, and workforce-related measures contributed approximately ¥20 billion.

By segment, the Technology Solutions segment achieved higher year-on-year operating income on a full-year basis. The Ubiquitous Solutions segment posted an operating loss due to deterioration in mobile phone sales, although sales of PCs and mobilewear increased. The Device Solutions segment returned to profitability, benefiting from lower fixed costs owing to an early retirement incentive plan and other factors in the LSI device business and an upswing in export profitability following the yen's depreciation.

In other income (expenses), Fujitsu recorded a loss of ¥49.6 billion, representing an improvement of ¥90.7 billion from the previous fiscal year. This is mainly due to Fujitsu having posted ¥11.5 billion in gains on sales of real estate and shares, while restructuring charges and an impairment loss decreased from the previous fiscal year. On the other hand, a loss on the reversal of foreign currency translation adjustments of ¥21.6 billion was recorded, stemming from the liquidation of Fujitsu Management Services of America, Inc.

The restructuring charges of ¥31.1 billion in fiscal 2013 mainly consisted of ¥21.0 billion for the LSI device business, ¥4.9 billion for the mobile phone business, and ¥4.2 billion for business outside Japan. In the LSI device business, the charges were mainly attributable to the system LSI (SoC: System on a Chip) business, which is scheduled to be integrated, and consisted of the costs for covering retirement benefit liabilities and losses on the disposal of assets. There were also charges stemming from the cost of restructuring the production lines for standard logic devices as well as losses on the disposal of assets. In the mobile phone business, the charges stemmed from losses on the disposal of assets in the process of integrating production sites as well as expenses incurred in reallocating personnel. The charges for businesses outside of Japan were primarily in the Nordic region, and consisted of workforce rationalization expenses. Through these structural reforms, Fujitsu achieved a certain amount of progress on businesses that were presenting challenges.

As a result, net income for fiscal 2013 was ¥48.6 billion, representing a year-on-year improvement of ¥128.5 billion.

Explanations for underlined words can be found in the glossary on pages 160-162.

Financial Initiatives in Fiscal 2013

Consolidated total assets at the end of fiscal 2013 amounted to ¥3,079.5 billion. Shareholders' equity increased by ¥48.6 billion due to recording net profit, while foreign currency translation adjustments increased by ¥61.7 billion compared to the end of fiscal 2012 on a reversal stemming from the liquidation of a US subsidiary and on the depreciation of the yen. On the other hand, there was a ¥171.8 billion decrease from the end of the previous fiscal year on remeasurements of defined benefit plans, mainly due to an unrecognized obligation for retirement benefits for plans in Japan being brought on to the balance sheet as a liability in accordance with a revision in the accounting standard for retirement benefits. As a result, the owners' equity ratio decreased by 2.8 percentage points compared to the previous fiscal year-end to 18.6%.

Free cash flow was positive ¥46.6 billion, representing an improvement in net cash inflows of ¥137.1 billion compared with the same period in the previous fiscal year. Excluding one-time items such as the special contribution to the defined benefit corporate pension fund of a UK subsidiary in the previous fiscal year, free cash flow amounted to ¥14.4 billion, which was ¥6.0 billion more than the previous fiscal year.

The balance of interest-bearing loans amounted to ¥519.6 billion, a decrease of ¥15.3 billion from the previous fiscal year-end. Fujitsu issued ¥80.0 billion in straight bonds to cover the redemption of straight bonds and repay short-term borrowings, and also made progress in paying down borrowings. Consequently, the D/E ratio was 0.91 times, an increase of 0.05 of a point and the net D/E ratio was 0.38 times, a decrease of 0.02 of a point from the previous fiscal year-end.

Corporate Senior Vice President
Hidehiro Tsukano

Voluntary Adoption of IFRS

Starting in fiscal 2014, Fujitsu is voluntarily adopting IFRS for its consolidated financial statements. Outside of Japan, the Fujitsu Group has expanded its business across the globe, to regions such as Europe, the Americas, and Asia. As the importance of its business outside of Japan grows year by year, IFRS, a single, uniform accounting standard for Group companies, including those based outside of Japan, will enable coherent business management in and outside of Japan. Moreover, by implementing IFRS-based business management as the management platform for Fujitsu as a truly global company, the Company will pursue greater efficiency to promote global growth and to increase its corporate value. In adopting IFRS, Fujitsu also seeks to facilitate international comparisons of financial information in global capital markets.

CONDENSED CONSOLIDATED INCOME STATEMENTS

(Unit: billion yen)

Years ended March 31	2013	2014	YoY Change	Change (%)
Net sales	4,381.7	**4,762.4**	380.7	8.7
Cost of sales	3,177.9	**3,493.2**	315.2	9.9
Gross profit	1,203.7	**1,269.1**	65.4	5.4
Selling, general and administrative expenses	1,115.4	**1,126.6**	11.1	1.0
Operating income	88.2	**142.5**	54.2	61.5
Other income (expenses)	(140.3)	**(49.6)**	90.7	–
Income (loss) before income taxes and minority interests	(52.1)	**92.9**	145.0	–
Income taxes	24.2	**37.0**	12.8	52.8
Minority interests in income (loss) of consolidated subsidiaries	3.5	**7.2**	3.7	105.2
Net income (loss)	(79.9)	**48.6**	128.5	–

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unit: billion yen)

As of March 31	2013	2014	YoY Change
Assets			
Current assets	1,722.2	**1,866.4**	144.1
Property, plant and equipment	618.4	**619.6**	1.1
Intangible assets	187.3	**186.2**	(1.0)
Investments and other non-current assets	392.2	**407.2**	14.9
Total assets	2,920.3	**3,079.5**	159.2
Liabilities			
Current liabilities	1,568.5	**1,462.3**	(106.1)
Long-term liabilities	599.3	**914.7**	315.3
Total liabilities	2,167.8	**2,377.0**	209.1
Net assets			
Shareholders' equity	825.5	**874.2**	48.6
Accumulated other comprehensive income	(201.5)	**(301.0)**	(99.5)
Minority interests in consolidated subsidiaries	128.3	**129.1**	0.8
Total net assets	752.4	**702.4**	(49.9)
Total liabilities and net assets	2,920.3	**3,079.5**	159.2
Cash and cash equivalents at end of year	286.6	**301.1**	14.5
Interest-bearing loans	534.9	**519.6**	(15.3)
Net interest-bearing loans	248.3	**218.4**	(29.8)
Owners' equity	624.0	**573.2**	(50.8)

Notes: Year-end balance of interest-bearing loans: Short-term borrowings and current portion of bonds payable (Current liabilities) + Long-term borrowings and bonds payable (Long term liabilities)*
Net interest-bearing loans: Interest-bearing loans – Cash and cash equivalents
Owners' equity: Net assets – Subscription rights to shares – Minority interests in consolidated subsidiaries
* ¥284.5 billion of cash and cash equivalents in consolidated statements of cash flows as of the end of the previous fiscal year is calculated by deducting ¥2.0 billion of overdrafts, which is categorized within short-term borrowings in current liabilities, from cash and cash equivalents in the consolidated balance sheets.

Approach to Financing Activities and Credit Rating Status

To ensure efficient fund procurement when the need for funds arises, Fujitsu views the maintenance of an appropriate level of liquidity as an important policy with respect to its financing activities. "Liquidity" refers to cash and cash equivalents and the total unused balance of financing frameworks based on commitment lines established with multiple financial institutions. As of March 31, 2014, the Group had liquidity of ¥498.8 billion ($4,843 million), of which ¥301.1 billion ($2,923 million) was cash and cash equivalents and ¥197.7 billion ($1,919 million) was the yen value of unused commitment lines.

To raise funds from global capital markets, the Group has acquired bond ratings from Moody's Investors Service (Moody's), Standard & Poor's (S&P), and Rating and Investment Information, Inc. (R&I). As of March 31, 2014, the Company had bond ratings (long-term/short-term) of A3 (long-term) from Moody's, BBB+ (long-term) from S&P, and A (long-term) and a-1 (short-term) from R&I.

FEATURE: MESSAGE FROM SALES GROUP HEADS AND A REGIONAL HEAD

Solving customers' problems through Fujitsu's IT system engineer proposal and solution

Fujitsu's strengths lie in the experience and expertise it has cultivated by providing long running support for customers in Japan and around the globe, spanning every field of industry, including manufacturing, distribution, finance, communications, electric power, media, national and local governments, schools, and hospitals. Fujitsu combines problem solving capabilities including the latest and most reliable ICT and the proposal capabilities of veteran IT system engineers, with service infrastructure in the form of more than 100 datacenters around the world. Fujitsu is working every day to solve customers' problems by providing total solutions that leverage its unique strengths.

HUMAN CENTRIC

unique total solutions combining ICT, capabilities, and service infrastructure

In this feature, the sales group heads and a regional head of the Fujitsu's domestic businesses in Manufacturing & Distribution Industry, Financial & Social Infrastructure, Public Sector & Regional Sales and the EMEIA region report on the results of their initiatives in fiscal 2013 and explain their business strategies for fiscal 2014. We also introduce the strengths of our domestic industry fields and regions, as well as customer solution profiles.

MANUFACTURING & DISTRIBUTION INDUSTRY

PUBLIC SECTOR & REGIONAL

FINANCE & SOCIAL INFRASTRUCTURE

EMEIA

INNOVATION

MANAGEMENT
PERFORMANCE
RESPONSIBILITY
FACTS & FIGURES

HUMAN CENTRIC INNOVATION

MANUFACTURING & DISTRIBUTION INDUSTRY

Adding New Value to Business Based on New ICT Technology

The Manufacturing & Distribution Industry Sales Group provides support tailored to customers in the manufacturing and distribution sectors in Japan and across the globe. Target industries within manufacturing include steel and metals, pharmaceuticals, electronics, housing, and automobiles, while industries targeted in distribution cover retail, food, trading companies, logistics, and services.

President
Manufacturing & Distribution Industry Sales Group
Corporate Senior Vice President
Yoshihiko Hanada

Fiscal 2013

Using ICT to Streamline Operations and Enhance Competitiveness

In fiscal 2013, our sales, orders and business deals in hand ended the year on a record-high, surpassing the level set back in fiscal 2007. The backdrop to business growth for Fujitsu has been our efforts to meet a variety of customer needs. Customers are hard pressed to cope with structurally reforming their businesses, M&A activity triggered by industry realignment, globalization of their operations, the rapid startup of new businesses due to portfolio diversification, and responding to emerging markets. Fujitsu's response to these needs has supported its business growth.

In an analysis by sector, in industrial fields, sales rose year on year in sectors outside of those connected to raw materials, such as oil and paper, where the yen's depreciation curbed investment. This is especially the case in new business areas, global investment, and businesses engaged in recovery, where electronics and housing-related sales grew by a wide margin. Furthermore, in automobiles, areas such as systems integration and outsourcing have contributed to steady growth.

In distribution, while we entered a period in which food wholesale and logistics-related deals dropped off, sales to trading companies and the service industry were higher year on year. By product, both industries saw major contributors from mission-critical system construction, efforts to respond to new businesses, a surge in demand, particularly for PCs ahead of Japan's consumption tax increase, and business deals for replacement of Windows XP systems following the end of support for them.

Fiscal 2014

Strengthen Customer Contact Points and Support their Businesses

As in the previous fiscal year, the three priority strategic areas of "strengthen support for existing customers," "meet the needs of new business" and "respond to global business" will continue to define our sales strategy for fiscal 2014. This strategy will lead to expansion in sales, orders and business deals in hand, as we aim for continuous growth into the future.

As specific strategies and initiatives to strengthen support for existing customers, we will place emphasis on proposing optimal solutions by identifying and analyzing customers' businesses and how they utilize their ICT assets. For example, with OS support for Windows Server 2003 set to expire in July 2015, a burning issue for customers now is whether to migrate to new servers and a new OS, or to switch their systems to public or private cloud infrastructure. Furthermore, interest in achieving greater efficiency in operational processes remains as high as ever, with businesses constantly looking for ways to cut costs. Customer

Explanations for underlined words can be found in the glossary on pages 160-162.

interest is also high in new ICT technologies such as Augmented Reality (AR) and engineering clouds, and we are increasingly talking about how to use these innovative technologies to bring new added value to their businesses. Based on numerous examples of customer interest in ICT and our many capable experts who can offer solutions to respond effectively to customers' businesses issues, we aim to reinforce relationships with customers and win a variety of new ICT business.

Next, we seek to strengthen support for customers' new businesses. As customers progress in diversifying their businesses, Fujitsu is there as a partner supporting their efforts with ICT. To give an example, for customers entering the agriculture business for the first time, we can provide them with our cloud-based "Akisai" solution for food and agriculture. This is one of many ways in which Fujitsu can be a powerful force for a customer's business. In other fields, such as water and energy, Fujitsu has both technologies and example cases of applying them for customers. Similarly, we also support business scenarios involving utilization of SNS and big data.

Fujitsu is responding to global business by strengthening ties with its local bases in Europe, the Americas, Asia, and Oceania. As a case in point, for customers looking to advance into Asia or expand their business there, we are developing solutions that maintain the same level of ICT governance seen in Japan. In North America, we will open two new datacenters this fiscal year in the US, one on either coast, built to Tier 3-level operating standards and offering more robust security. Backed by these assets, we will work to identify and support Japanese customers developing their businesses globally. In Europe and Australia, we will coordinate our services business, including desktop services incorporating datacenters and PC maintenance and management, uniquely tailored to the project needs of each company.

Fujitsu's Strengths

Global Provision of Solutions across Industry Borders

Grounded firmly in technology, Fujitsu's strengths lie in the ability to offer a total range of services to cover a system's lifecycle, such as consulting, integration, development, maintenance and management. Furthermore, Fujitsu has global service bases spanning four key regions—Europe, North America, Asia and Australia, and can respond to global business by providing services that meet the standards of the Japanese market. Even in responding to customers' new businesses, thanks to a broad base of customers, Fujitsu can offer abundant expertise, experience and solutions to customers that work across industries and business categories.

CUSTOMER SOLUTION PROFILE

Kawasaki Heavy Industries, Ltd., Aerospace Company

Building a Next-Generation System to Integrate Component Design Documentation

—Launch of a Design Data Management System for Airplanes

Airplanes are made up of millions of parts, and operators are obliged to carry out long-term maintenance for each part for 30 years or more. Given this, ICT systems are essential for accurate and long-term maintenance and management of the massive volumes of data created by such maintenance programs. Kawasaki Heavy Industries, Ltd., a major airplane manufacturer, has implemented a new system from Fujitsu that enables management of component configurations on the basis of individual aircraft, and serves as the foundation of a process that safely and smoothly shares information with parts makers and partners working jointly on design. This system has dramatically improved operability in data management, enhanced designer efficiency and cut operation and maintenance costs. Looking ahead, this system will increase Kawasaki Heavy Industries' competitive strength by achieving superior design efficiency and boosting technical information security.

BK117 C-2 Helicopter

JAPANET TAKATA Co.,Ltd.

In Pursuit of a New Way to Shop

—Simply wave a smart device in front of a TV to automatically connect to a product introduction site

Of all the ways to shop today—including buying things at brick and mortar stores or from online sites—one of the largest markets is TV home shopping. The proliferation of smart devices is changing the behavior of consumers, many of whom now search online to get product information before making purchases. This makes it as critical as ever for retailers to link to smart devices.

This is what prompted JAPANET TAKATA to consider new ways of using smart devices in conjunction with its TV home shopping channel, JAPANET CHANNEL DX, and to develop the JAPANET TAKATA App, a smart device application that simply and effortlessly guides viewers to its website. The app's main feature has a camera function that enables users to shop by waving their smartphone or tablet in front of a TV screen. Utilizing Fujitsu's new video solution, the function allows viewers to simply direct their smart device's camera at the TV screen (except for terrestrial broadcast media) during a shopping broadcast, to automatically access the product's website. They can then purchase that product from the site in an intuitive and convenient new way to shop.

HUMAN CENTRIC INNOVATION

FINANCE & SOCIAL INFRASTRUCTURE

Providing a Total Sales Model from Products to Services

The Finance & Social Infrastructure Sales Group works with customers in the fields of finance and social infrastructure. Specifically, our customers in the financial field include securities, insurance, credit, and leasing companies, in addition to megabanks, government-affiliated banks, and regional banks. Customers in the social infrastructure field range from telecommunications carriers to those in the electric power industry and the media industry, which includes newspapers and advertising agencies.

President
Finance & Social Infrastructure Sales Group
Corporate Senior Vice President
Masaaki Hamaba

Fiscal 2013

Recovery in ICT Investment Such as System Business Deals and Mainframe Upgrades

In the financial field during fiscal 2013, customers across each industry achieved a strong overall performance, and investment in ICT recovered from an extended period of restraint following the Lehman Brothers collapse. Contributing to Fujitsu's business results were deals with customers looking to upgrade to next-generation systems, including megabanks, other financial institutions serving agricultural and fisheries-related organizations, and a securities exchange. Other business wins had Fujitsu renewing the mainframe, ATM, and sales branch systems of a regional bank, and supplying tablet PCs to customers in the insurance industry and regional banks. In the credit and lease market, ICT investment rebounded after a period of low activity, which clearly reflected an overall recovery in the finance industry for the year.

In social infrastructure, our business with mobile telecommunications carriers contributed significantly to the year's results. Investments by major carriers in base stations and network equipment came earlier than expected as these customers worked to prepare their networks for the introduction of LTE and to bolster their backbone systems. As a result, we also won deals for mainframe upgrades and other projects.

Fiscal 2014

ICT Support for Business Growth of Diverse Customers

In fiscal 2014, the financial industry is expected to continue its underlying growth trend. Going forward, an emphasis on measures to secure stable earnings is expected to continue. In ICT investment, however, in addition to taking measures to comply with revised laws, bolstering information security functions and other ongoing investments in existing fields, we also expect to see customers expand their strategic investments in such areas as systems for their overseas offices and enhancing customer contact points.

In fiscal 2014, I would like to see Fujitsu build on its track record in the financial field by winning more large projects like the next-generation systems deals we struck with a megabank and an agricultural and fisheries-related financial institution. We will also respond to moves to reorganize the regional banking industry. Companies throughout the financial industry have made concerted efforts to improve sales, working to streamline their sales efforts and strengthen their financial product offerings to suit the lifestyle needs of their clients' customers. What we can do as Fujitsu, for example, is to support by developing omni-channel marketing and other ICT systems. In terms of improving sales efficiency, a success story is the insurance field's widespread adoption of solutions that utilize Fujitsu's tablet PCs. This has brought about a major transformation in the approach and style of insurance companies' sales staff. Looking ahead, we will aggressively develop this type of business across a range of industries.

Social infrastructure is another field in which smartphones and tablets are becoming increasingly prevalent. We expect that our customers in telecommunications will continue last year's capital investment for LTE base stations and network enhancements. In the telecommunications industry, we will develop and supply high-performance products to meet customers' needs as they move to upgrade their networks. Specifically, in 2013, we started shipping compact radio base station equipment for LTE well-suited for use in mountainous areas. We continue to pursue compact form factors and move forward on enhancing the performance of 100 Gbps packet-integrated optical systems in response to trends in SDN. Also, we have been selected by NTT DOCOMO, Inc. as the development vendor for their high-density wireless stations compatible with the next-generation telecommunications standard, LTE-Advanced. We therefore aim to roll-out a commercial version of this equipment as quickly as possible.

We intend to support the electric power industry as well. Given the total liberalization of the electricity retail industry expected in 2016, and the separation of generation and transmission operations in 2018, among other reforms, Fujitsu sees the need to support new operators entering the market by working to create systems and developing services.

In the media industry, we would like to leverage the new business opportunities available with companies looking to create business models that emphasize connections with their consumers. For example, what we could do is develop marketing design businesses based on big data.

In other initiatives, we will make skillful use of the new global matrix organization, announced in fiscal 2013, to expand our network products business and aggressively promote our social infrastructure business in the ASEAN region.

Fujitsu's Strengths

Providing a Total Service Model and Developing It within and across Industries

Fujitsu's strengths lie in its ability to provide a total service model that encompasses everything from products to services. Moreover, we have an extremely powerful customer base and another advantage we can use is that the experience and know-how that we develop in each business can be transferred across, within, and between industries. Recently, we have implemented initiatives to increase the sales capabilities of our customers in the finance industry and we possess a wide range of skills and experience that can be used to respond to moves to reorganize the industry. Meanwhile, another major strength is that our network products business has been able to expand beyond Japan to serve global markets, primarily in North America. We are leveraging these strengths to actively incorporate new fields as we strive to realize medium- to long-term growth.

CUSTOMER SOLUTION PROFILE

Tablet Solutions for the Life Insurance Industry

Tablet Solutions for the Life Insurance Industry

The business environment in which the life insurance industry operates has changed dramatically in recent years. This is due to factors such as an ever-dwindling birthrate and aging society, as well as the diversification of customer lifestyles and product requirements. Given this, life insurance companies are evolving toward a new style of business. To provide customers with a greater level of convenience and satisfaction, companies are changing from a paper-based sales style to one that leverages tablets for everything from product descriptions through to completing contracts and after-sales services.

Fujitsu supports this sales style innovation by proposing solutions that allow electronic signatures to be signed on the tablet screen just as on paper and that can remotely wipe data from a device in the event it is lost. It also enables more flexible customization by conducting all processes from development to production inside Japan for high-quality, compact and easy-to-carry tablets that suit customer needs.

P.T. Telkom Indonesia

Upgraded a Superfast, 100 Gbps Submarine Network System in Indonesia

—Long-distance Submarine Cable Transmission Capacity Increased by Five Times

JaKa2LaDeMa is a submarine network system owned and operated by PT. Telekomunikasi Indonesia, Tbk (P.T. Telkom Indonesia), the largest telecommunications carrier in Indonesia. JaKa2LaDeMa has a total length of approximately 1,800 kilometers and links five main Indonesian islands. Indonesia, has been enjoying remarkable economic growth in recent years and Internet traffic is expected to grow by 42% between 2012 and 2017, the second-highest growth rate in the world. Expanding and enhancing Indonesia's network infrastructure is therefore an urgent task.

To upgrade the system to meet these challenges, Fujitsu delivered the FUJITSU Network FLASHWAVE 9500 multiplexed optical transport platform, which is Fujitsu's newest dense wavelength division multiplexing (DWDM) system employing the latest digital coherent technology, along with the FUJITSU Network NETSMART 1500 monitoring system. This upgrade will realize a high capacity system using superfast 100 Gbps transmission technology.

Fujitsu will continue to meet the demands of customers around the world who need high-performance, high-reliability, flexible submarine communication networks.


FLASHWAVE 9500

HUMAN CENTRIC INNOVATION

PUBLIC SECTOR & REGIONAL

Leveraging Our Strong Track Record to Provide ICT Support for Public Infrastructure

The Public Sector & Regional Sales Group provides infrastructure support throughout Japan. Public sector customers range from national government ministries and agencies to local governments at the prefectural and municipal level, and in the healthcare field, hospitals and clinics. Another area is education, with customers from elementary, junior high schools, and high schools as well as universities.

President
Public Sector & Regional Sales Group
Corporate Senior Vice President
Hiroyuki Ono

Fiscal 2013

Using ICT to Contribute to Regional Society

In fiscal 2013, the Public Sector & Regional Sales Group recorded steady sales in all fields, including government agencies, local governments, healthcare, and education. Sales in Japan are divided into six groups by region, each of which recorded double-digit growth year on year. All fields and all areas performed strongly.

There were a number of factors behind this strong performance. In the healthcare field, which had the best results, we booked record high sales. Fujitsu has long been active with maintaining electronic medical record packages and regional healthcare networks, and we worked to tie these into nationwide initiatives for safety and security. This has therefore been a very fruitful year in terms of our policy of contributing to regional society through utilizing ICT.

In the public sector as well, timing for upgrades of large systems coincided in numerous cases, and results reflect our success in responding to the trend of infrastructure enhancement.

With regard to local governments, our business demonstrated vitality with projects undertaken to respond to revised laws and deals for rebuilding mission-critical systems.

In education, results were extremely favorable, not just for our business wins with universities, but also on account of our leveraging relationships with elementary, junior high schools, and high schools that became our customers when the School New Deal was first established.

In other matters, PC replacement demand was robust due to external factors such as the end of support for Windows XP.

Sales in the Public Sector & Regional Sales Group significantly increased by 18% compared to the previous year on the back of strong sales in all of these fields.

Fiscal 2014

Seeking Safety and Security for Everybody

In fiscal 2014, the Public Sector & Regional Sales Group is forecasting a decline in sales following the surge in sales of the previous year; but we also expect demand to remain strong.

We expect our work with local governments to be particularly busy this year as they take full-fledged action to introduce a social security and tax number system (My Number), and other work associated with social assurance systems. Local authorities throughout the country will be simultaneously implementing the My Number system, and this will test our system integration and response capabilities as a vendor. Given this, we will take advantage of our considerable track record with system upgrades and support requiring simultaneous response over wide areas, such as with mergers of municipalities and dealing with revisions to various laws. We are already moving forward on preparations, enhancing developmental efficiencies and support for standardization, and in addition to our advantage of having on hand ample IT system engineer resources, we are building alliances with powerful local business partners across the country to form a robust system that will contribute to everyday convenience.

For the government, Fujitsu is moving ahead with such proposals as cloud-based systems and common platform infrastructure in support of the government's efforts to streamline its ICT budget. In response to requirements from the national government, Fujitsu will be quicker than other companies to propose advanced systems that meet customer needs to "standardize and share," and that realize reductions to development and operations costs. Furthermore, based on our long track record in Japan, we will work with the Japanese government to develop robust, high quality public ICT platforms for Asian countries with the aim of capturing global business.

In the field of education, Fujitsu is actively moving forward on "future school" style initiatives that are even now underway. We will help raise ICT utilization in education to a new level by supporting the introduction of advanced lesson styles that incorporate tablets and extend this system to schools throughout Japan. Moreover, we will promote alliances of private preparatory schools with public education while providing support through ICT, such as academic and career counseling utilizing big data.

In healthcare, we expect continued growth in electronic medical records and regional healthcare networks, despite concerns of a decline due to a fall back after demand for upgrades in 2013. In anticipation of this growth, Fujitsu launched the "Center for the Future of Medical Care" so that ICT can be used to make the healthcare field more convenient. Leveraging Fujitsu's strength of vertically integrated support, from supercomputers to powerful healthcare package products and networks, we will pursue safety and security for all people, from those working in healthcare through to patients.

Fujitsu's Strengths

Trust and Performance History Cultivated through Longstanding Relationships with Customers

Our strength derives from a strong customer base and long-term relations with those customers cultivated on the basis of trust and results. Having a good grasp of a customer's medium-term issues and needs at an early stage enables us to develop rapid and optimal proposals, which is why we have secured a large market share in each field. Another strength is our framework for cooperating with leading local business partners, which underpins our ability to provide support over wide areas. Going forward, armed with advanced technological capability and a strong track record cultivated over many years, we will continue to support public infrastructure through our comprehensive systems.

CUSTOMER SOLUTION PROFILE

National Cancer Center

National Cancer Registration System Project

—Start building a database to gather information on cancer patients across Japan

Currently, one in every two Japanese is likely to get cancer, and the disease is said to cause one in every three deaths. Overcoming cancer is therefore a significant issue in terms of people's lives and health. There was a need to construct a database containing information on all of Japan's cancer patients so that healthcare professionals and researchers could get an accurate grasp of the number of patients and the state of their diagnosis, and utilize the information for development of new treatment methods. The National Cancer Center is constructing a National Cancer Registration System to collect information from all cancer patients in Japan with a view to launching operations in fiscal. Fujitsu's large-scale data comparison technology will form the core of this system, and once it is operating, it will enable accurate identification of cancer patients in Japan and the state of their treatment. This new facility is expected to enhance the quality of cancer treatment.

Arakawa Board of Education

First Municipality in Japan to Provide a Tablet for All Pupils at Elementary and Junior High Schools

Arakawa Board of Education became the first municipality in Japan to provide a tablet for each pupil, supplying them to three elementary schools and a junior high school in 2013. The schools use a Fujitsu hybrid tablet STYLISTIC Q702/G, which has an attachable keyboard, giving it mobility and PC functionality. It was selected because pen input enabled kanji writing classes and a digitizer capable of drawing lines made it usable for math. Using the tablets in conjunction with ICT devices like electronic blackboards, students are able to utilize multimedia teaching materials such as digital textbooks, sparking communication among them that enabled more effective learning. We hope that the project will enable children, who are the guardians of the future, to pick up skills such as problem solving and communication capabilities, to prepare them to make their way confidently in the global society of tomorrow.

HUMAN CENTRIC INNOVATION

EMEIA (Europe, Middle East, India, Africa)

Providing Products and Services Swiftly, Optimally, and Globally

—Aiming to increase customer satisfaction and grow their businesses—

The EMEIA region accounts for approximately half of the Fujitsu Group's sales outside of Japan. It includes Fujitsu Services Holdings PLC in the UK and Fujitsu Technology Solutions (Holding) B.V. in Germany as locally incorporated companies. The region's workforce accounts for about half of Fujitsu's approximately 61,000 employees outside of Japan (as of the end of March 2014).

Head of EMEIA
Corporate Senior Vice President
Duncan Tait

Fiscal 2013

Reforming the Business Structure for a Fresh Start

One of the most significant results of the year ended March 2014 was the structural reform of our European continental operations that was announced in February 2013 and subsequently executed. I've been in our industry for a long time, and it is the best executed restructuring program I've ever seen. It was an extremely painful reform that included approximately 1,500 job cuts, but I think the leadership team is very focused and implementation is going well. We treated people with respect, and we collaborated well with the European worker's councils. The good thing from a customer perspective during this time is that we kept focused on the marketplace while we were restructuring the company. I think we were able to shift business in all areas in the EMEIA region in a good direction, with some assistance from the improving economies.

In continental Europe, deferred sales of storage devices reduced income, but the cost-cutting effects of the restructure I talked about earlier were significant, and will lead to winning major deals in the future.

In the UK and Ireland, a reduction in the number of public projects and postponements on large-scale deals impacted income, but this was covered by expanded business in the private sector and we successfully increased earnings and revenue year on year in the second half.

In northern Europe, managed services and product businesses were steady, in addition a minor personnel rationalization in the summer of 2013 produced results and restricted losses. Overall, the businesses were profitable in the second half.

Fiscal 2014

Cultivating Demand in the EMEIA Region

For the year ending March 2015, there are signs of overall economic recovery in the UK, Nordic region and continental Europe, so the outlook is for gradual increases in sales. Our business has continued the trend of improving on the previous year, so we want to achieve business growth in a multitude of ways in every region.

In continental Europe, we will continue with the structural reform we are currently implementing with a focus on a swift completion. Our top priority will be implementing the established business model of continuing to stabilize the product business and expanding the services business to create stable earnings. We want to effectively utilize the new global matrix organization to provide global solutions and aim for an ensured service framework, while also proactively recruiting and training our talent in the services sector.

In the UK and Ireland, the public sector has traditionally accounted for more than half our business, but over the past few years we have targeted growing demand in the private sector. This strategy is clearly bearing fruit. We aim to further accelerate the growth of private sector business and bolster results in the year ending March 2015.

Then, in our Nordic business, there are very strong outsourcing and managed services businesses in Finland. We're going to encourage expansion of these businesses into some of the other

Nordic countries. There are a lot of large multinational companies based in the Nordic region. And our teams are going to execute plans to grow with those global clients and support them.

In India, Poland and Portugal we've got global delivery centers (GDCs) and we're continuing to build out our facilities and our global delivery capabilities.

We're building our experience in the Middle East and Africa, so it's difficult to forecast rapid growth there yet, but we're going to grow at the right pace, at a measured pace, taking into account factors such as political situations and business customs.

Refer to Initiatives by Region (on page 58-59) for more information about the EMEIA region.

Fujitsu's Strengths

Getting Close to Customers—the Traditional Fujitsu Approach

Fujitsu is creating a business model that enables us to execute globally for clients in a consistent, optimal way and move fast for our customers in a manner that differentiates us from competitors. It's in the Fujitsu DNA to make decisions close to customers. For example, if we come across some issue while working out a deal, we can work together with the customer to come up with a sincerely thought out solution. Consequently, we can set ourselves up as a long-term partner that our customers can rely on.

Another strength we have for clients whose businesses encompass multiple time zones is global provision of products utilizing high standard proprietary technologies developed through our research and development. Under the new global matrix organization that system will be fortified, which I am convinced will raise customer satisfaction and realize business growth.

CUSTOMER SOLUTION PROFILE

Enabling businesses and academics to speed up innovation and become more competitive

High Performance Computing (HPC) Wales is Wales' national supercomputing service, benefitting both public and private sector institutions. As host to the UK's largest distributed supercomputing network, HPC Wales provides businesses and researchers with local access to world-class technology and the support to fully utilize it.

This supercomputing infrastructure and service is unique in the UK and is recognised as an innovative approach across Europe. Through the cooperation of Welsh universities, the Welsh government and Fujitsu, it offers the supercomputing power, high-level skills training and customised support necessary to help address global challenges such as extreme weather, development of new materials as well as new approaches to medical science. The service is designed to accelerate scientific breakthroughs and answer long-standing questions.

The Welsh government wanted to create a unified HPC platform that would encompass multiple academic organisations, allowing them to offer on-demand intensive computational capacity to local businesses of any size.

Today, two hubs at Cardiff and Swansea are complemented with a number of spoke sites around Wales, each of which has access to thousands of Intel cores, linked by a dedicated network delivered via the Public Sector Broadband Aggregation.

Through close collaboration, HPC Wales, with the help of Fujitsu, is offering HPC capabilities to SMEs throughout the country, enabling them to become more competitive and bring products to market faster. They are also helping speed up innovation, bolstering the local economy and promoting academic resources.

"Fujitsu has been fundamental to the success of HPC Wales. This is a technical undertaking unlike anything we have ever done in Wales, and Fujitsu's experience, commitment and understanding have ensured that, despite some challenges along the way, the process has been successful."
-Professor Martyn Guest, Technical Director, HPC Wales

BUSINESS OVERVIEW

For the fiscal year ended March 31, 2014
*In accordance with the adoption of the amended IAS 19, the figures for fiscal 2012 have been retroactively revised.

Fujitsu delivers total solutions in the field of information and communication technology. Along with multifaceted services provision, our comprehensive business encompasses the development, manufacture, sales and maintenance of the cutting-edge, high-quality products and electronic devices that make these services possible.

NET SALES/BREAKDOWN OF NET SALES*

SUB-SEGMENT SALES*

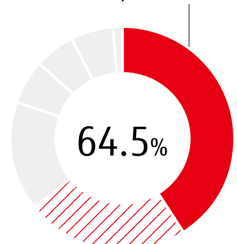
Technology Solutions

2-way tower server PRIMERGY TX300 S8

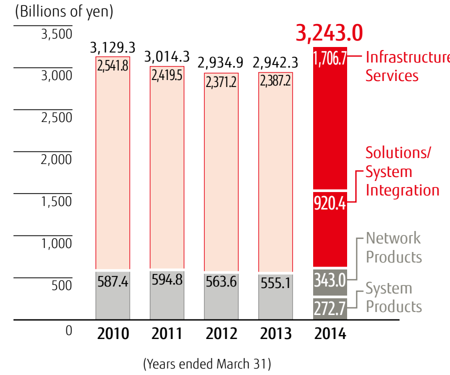
Exterior view of the new Akashi System Center building

¥3,243.0 Billion

Japan
¥2,054.2 Billion



Overseas
¥1,188.7 Billion

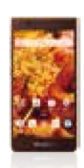


Services
System Platforms

* Including intersegment sales

Ubiquitous Solutions

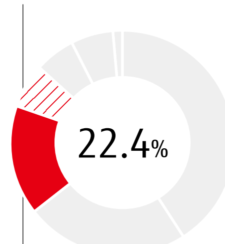
A PC designed with a feminine touch Floral Kiss (LIFEBOOK CH75/R)



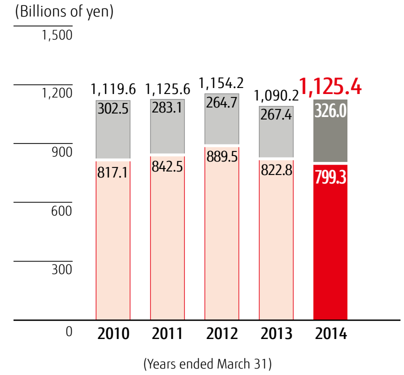
Realizing the ultimate in smartphone character input technology, ARROWS NX F-05F

¥1,125.4 Billion

Overseas
¥331.0 Billion



Japan
794.4 Billion



PCs/Mobile Phones
Mobilewear

* Including intersegment sales

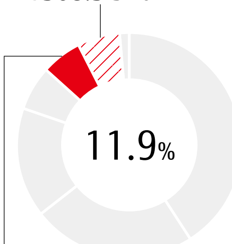
Device Solutions

4 Mbit FRAM non-volatile memory compatible with SRAM MB85R4M2T

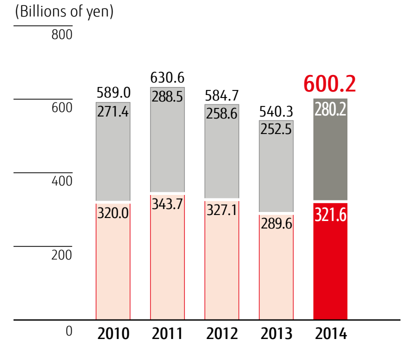
Thin profile primary cell achieving a five-year life expectancy due to superior low self-discharge characteristics

¥600.2 Billion

Overseas
¥308.3 Billion



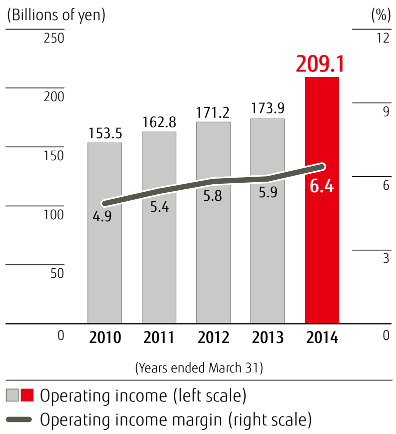
Japan
¥291.9 Billion



LSI Devices
Electronic Components, Others

* Including intersegment sales

OPERATING INCOME (LOSS)/ OPERATING INCOME MARGIN



BUSINESS DESCRIPTION

Services
Fujitsu provides solutions/system integration services focused on information system consulting and construction, and infrastructure services centered on outsourcing services (complete information system operation and management).

System Platforms
Fujitsu offers system products such as servers and storage systems which form the backbone of information systems, along with network products such as mobile phone base stations, optical transmission systems, and other communications infrastructures.

MAIN PRODUCTS & SERVICES

Services

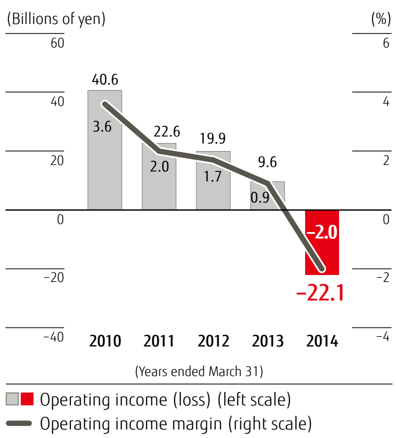
Solutions/SI
System integration (system construction, business applications), consulting, front-end technologies (ATMs, POS systems, etc.)

Infrastructure Services
Outsourcing services (datacenters, ICT operation/management, application operation/management, business process outsourcing, etc.), network services (business networks, distribution of Internet/mobile content), cloud services (IaaS, PaaS, SaaS), system support services (maintenance and surveillance services for information systems and networks), security solutions (installation of information systems and networks)

System Platforms

System Products
Full range of servers (mainframe, UNIX, mission-critical IA and other x86 servers), storage systems, various types of software (operating system, middleware)

Network Products
Network management systems, optical transmission systems, mobile phone base stations



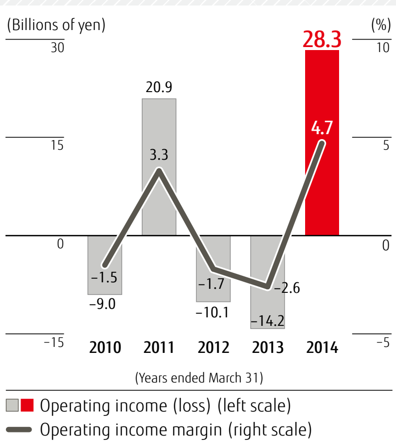
Fujitsu manufactures PCs within a made-in-Japan framework, delivering high quality, high added-value products including desktop PCs, laptop PCs, water- and dust-resistant tablets, and customization options.

In Mobile Phones, Fujitsu offers high-end smartphones with advanced, high-speed CPUs, and the Raku-Raku Phone series featuring easy-to-read displays, clear-sounding speakers, and intuitive functionality.

In Mobilewear, Fujitsu is answering diverse needs through "Connectivity Products," among them intuitively operated car navigation systems that connect with wireless networks for a more enjoyable driving experience.

PCs/Mobile Phones
PCs, mobile phones

Mobilewear
Car audio and navigation systems, mobile communication equipment, automotive electronics



LSI devices and electronic components comprise Fujitsu's Device Solutions. Fujitsu Semiconductor, the Fujitsu Group's operating company in semiconductors, provides LSI devices found in products such as digital home appliances, automobiles, mobile phones, and servers. Meanwhile, publicly listed consolidated subsidiaries such as Shinko Electric Industries, Fujitsu Component, and FDK provide semiconductor packages and other electronic components, as well as structural components such as batteries, relays, and connectors.

LSI Devices
LSI Devices

Electronic Components
Semiconductor packages, batteries, structural components (relays, connectors, etc.), optical transceiver modules, printed circuit boards

OPERATIONAL REVIEW AND OUTLOOK

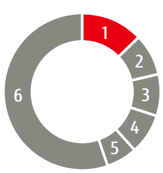
Technology Solutions/Services

Fujitsu provides solutions/system integration services that integrate ICT system consulting, design, application development and hardware installation, as well as infrastructure services centered on outsourcing services (complete ICT system operation and management including ICT system management via datacenters) and maintenance services.

OUR STRENGTHS

IT SERVICES MARKET SHARE IN JAPAN 2013 (REVENUE BASIS)

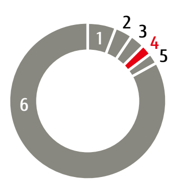
1	**Fujitsu**	**12.8%**
2	Company A	8.7%
3	Company B	8.5%
4	Company C	8.4%
5	Company D	6.4%
6	Others	55.2%



(Source: Gartner, "Market Share: IT Services, 2013" 31 March 2014)
* Chart created by Fujitsu based on Gartner data

GLOBAL IT SERVICES MARKET SHARE IN 2013 (REVENUE BASIS)

1	Company A	6.1%
2	Company B	3.5%
3	Company C	2.9%
4	**Fujitsu**	**2.3%**
5	Company D	2.3%
6	Others	82.9%



(Source: Gartner, "Market Share: IT Services, 2013" 31 March 2014)
* Chart created by Fujitsu based on Gartner data

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Fujitsu's services business holds the leading market share in Japan and the fourth-largest share worldwide. We provide services across a wide range of countries and regions, including Europe, the Americas, Asia, and Oceania.

Outsourcing services are a key field for us, where through our network of approximately 100 datacenters in 16 countries worldwide, mainly in Japan and Europe, we meet a wide variety of customer needs, offering cloud services such as IaaS, PaaS, and SaaS that make operation of customers' ICT systems easier, and help to make their operations greener.

Fujitsu's strengths lie in its global services structure, a wealth of experience in building large-scale, advanced systems, and abundant system engineering resources with the technological capabilities to support these operations. We use these capabilities to help a diverse range of customers across countries, regions, and languages in utilizing ICT systems, including government organizations of various nations and customers with a presence across the globe.

Explanations for underlined words can be found in the glossary on pages 160-162.

Technology Solutions/Services


An Akisai farm at the Numazu Plant site


A datacenter in Thailand where Fujitsu has started providing cloud services


The new building of the Akashi System Center

TOPICS

FUJITSU Big Data Initiative to Support Use of Big Data

Fujitsu is working to accelerate innovation by its customers and society through the use of big data. We have systematically reclassified our services and products under the FUJITSU Big Data Initiative. Moreover, we have prepared comprehensive support systems for the many advanced technologies involved in making use of big data, such as sensor, network, data accumulation, management and analysis technologies. We have also opened the Big Data Initiative Center. Here, we provide one-stop support for customers seeking to use big data with a support team of 800 experts.

Offerings	**Business Process Transformation**: Real-time management; Energy management; Improved equipment maintenance; Predicting frequent halting of production lines; Social infrastructure maintenance and management **Smarter Marketing**: Customer experience; Personalization; Optimal allocation of human resources **Reinforce Products and Services**: Sensor M2M **Supply Chain Optimization**: Demand forecasting Integration service
Applications	Applications for vertical industries, work processes and data
Big Data Analytics	**Analytics**: Data curation service; Big data personnel training services; Interstage BAMS, ISV (SAP, SAS, Oracle) **Data Utilization (Convergence)**: DataPlaza service for linking with external data; SPATIOWL locational data platform service; Linked Open Data for searching and linking to open data
Big Data Engines	In-memory; Column stores; Parallel distributed processing; Complex event processing; Master data management
Big Data Platform	Smart devices; Servers, storage; PC clusters; Cloud services **Sensing networks**

TECHNOLOGY SOLUTIONS RESULTS (See page 041 for numerical results from service operations)

*In accordance with the adoption of the amended IAS 19, the figures for fiscal 2012 have been retroactively revised.

Yen (millions)

Years ended March 31	2011	2012	2013	2014
Net sales				
External customers	¥2,927,651	¥2,864,658	¥2,890,376	**¥3,192,928**
Inter-segment	86,735	70,247	52,002	**50,085**
Total sales	3,014,386	2,934,905	2,942,378	**3,243,013**
Operating income	162,881	171,297	173,967	**209,133**
Total assets	1,481,119	1,446,368	1,442,810	**1,519,694**
Other items				
Capital expenditure (including intangible assets)	116,218	119,712	104,585	**118,773**
Depreciation	116,690	106,771	102,784	**107,219**
Amortization of goodwill for the year	14,991	14,495	14,115	**9,829**
Balance of goodwill at end of the fiscal year	79,974	68,024	30,181	**25,969**

Technology Solutions/Services

MARKET TRENDS

2013 Global Market Trends

The value of Japan's IT services market in 2013 increased 1.6% year on year to US$51.3 billion. Due to the government's economic policy and monetary easing by the Bank of Japan, the economy has clearly demonstrated signs of a trend toward recovery, with ICT investment gradually improving in both public and private sectors. Another factor has been a surge in demand ahead of the increase in the consumption tax rate.

In the private sector, strong performance in the automotive industry has spread to the ICT field, and IT investment has also grown steadily year on year in the financial services and retail sectors, among others.

By service field, demand for system integration rebounded. The outsourcing field also saw wider uptake of cloud services with the market increasing in scale compared to the previous year.

The global market for IT services expanded 2.4% year on year to US$634.2 billion. The global economy continued to experience a moderate recovery, while in Europe, there was a resumption of economic growth, and signs of an economic recovery, particularly in Germany and the UK. In the US, as well, the economy continues to recover, especially with consumer spending and corporate capital investment.

Outlook for 2014

The Japanese IT services market in 2014 is projected to grow 1.6% year on year to US$52.1 billion.

Although concerns exist that the Japanese economy will experience a temporary slowdown in consumption associated with the hike in consumption tax and rising prices for import materials following the yen's depreciation, a range of economic polices initiated by the government is expected to continue driving recovery trends. In line with this, IT investment in Japan is expected to gradually recover.

The global IT services market is projected to grow 3.4% year on year to US$655.5 billion, with China, ASEAN, and emerging markets leading the way. The increasing momentum of the US economic recovery is expected to have a positive effect, with the European market also expected to continue its gradual recovery. Against this economic backdrop, IT investment is projected to increase gradually in every region.

OPERATIONAL REVIEW AND INITIATIVES

Fiscal 2013 Business Results

Sales from the Services sub-segment (Solutions/System Integration, Infrastructure Services) increased 10.1% year on year to ¥2,627.2 billion.

Solutions/System Integration: Sales increased 10.0% year on year to ¥920.4 billion.

In Japan, sales increased over the previous year in all industries. In the financial field, the Company had strong sales to a wide range of customers including megabanks, a government-related financial institution, regional banks, securities companies, and customers in the credit and leasing business. In the industrial field, sales continued to be favorable from the previous year, mainly owing to the automotive sector. Year-on-year sales increased substantially in the public sector, with rising demand for system upgrades from government agencies and local governments, healthcare, and education. Particularly, sales in healthcare increased significantly, reaching a new record.

Infrastructure Services: Sales increased 10.1% year on year to ¥1,706.7 billion.

In Japan, overall sales increased slightly. In addition to ongoing brisk outsourcing business, there were large projects and favorable business results at subsidiaries in network services. However, these were offset by a decline in sales due to changes in distribution channels in the Internet service provider (ISP) business. Outside Japan, however, sales increased significantly although the level was essentially unchanged on a constant currency basis. While there are signs of economic recovery, the need for structural reforms remains, primarily in Europe, and sales continued to be lackluster on a local currency basis.

Operating profit increased ¥26.5 billion year on year to ¥151.1 billion. The higher operating profit reflected a strong year-on-year increase in profit in the Solutions/System Integration business, which outweighed the effects of upfront investments for the future and a decline in operating profit in Japan due to underperforming projects. The higher operating profit also reflected contributions from large network service business deals in infrastructure services, and the positive impact of cost cutting.

Outside Japan, operating profit increased due to the effects of structural reforms and foreign exchange rates.

Initiatives Going Forward

Solutions/System Integration: In light of firm trends toward recovery in ICT investment in Japan, Fujitsu is steadily moving forward on system development in both the private- and public-sector fields, including large-scale system integration projects and provision of public ICT infrastructure.

Fujitsu will help customers reduce maintenance and operations costs through its modernization service, where it streamlines and renews customers' existing application assets. We will also offer system integration services that respond flexibly to customers' initiatives to increase business process efficiency, organizational changes, and service expansion. Through these services, Fujitsu will work together with customers to achieve business innovation, such as enhancing enterprise competitiveness, and social innovation that addresses social issues.

To realize these initiatives, we are utilizing the strengths and characteristics of regional system engineering companies as a Group to their full potential as we work to effectively utilize their resources and make effective investments in development to bolster competitiveness.

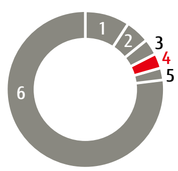
Technology Solutions/Services

MARKET DATA

Graph 01

GLOBAL IT OUTSOURCING MARKET SHARE IN 2013 (REVENUE BASIS)

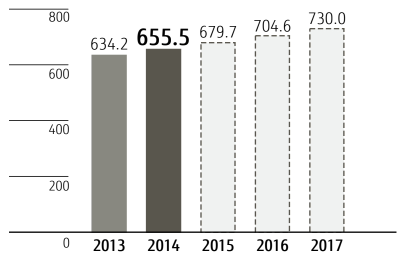
1	Company A	9.3%
2	Company B	5.0%
3	Company C	3.3%
4	**Fujitsu**	**3.2%**
5	Company E	2.5%
6	Others	76.7%



(Source: Gartner, "Market Share: IT Services, 2013" 31 March 2014)
* Chart created by Fujitsu based on Gartner data

Graph 02

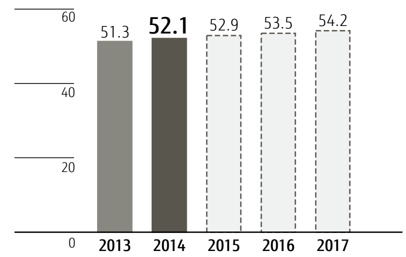
GLOBAL IT SERVICES MARKET FORECAST



(Source: IDC, May 2014 "Worldwide Black Book Query Tool, Version 1, 2014")

Graph 03

IT SERVICES MARKET FORECAST IN JAPAN

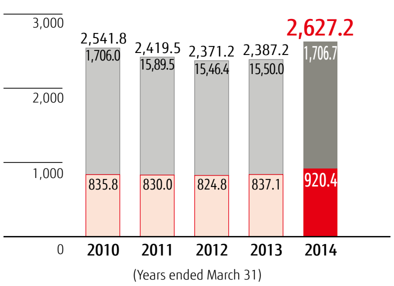


(Source: IDC, May 2014 "Worldwide Black Book Query Tool, Version 1, 2014")

FUJITSU DATA

Graph 04

SALES BY PRINCIPAL PRODUCTS AND SERVICES*

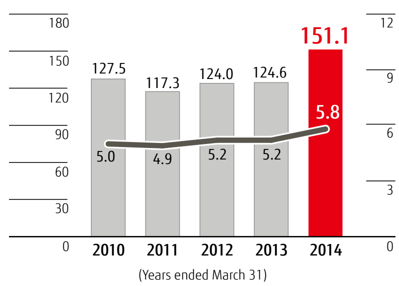


Solutions/System Integration
Infrastructure Services

* Including intersegment sales

Graph 05

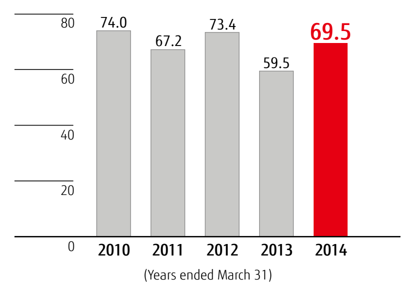
OPERATING INCOME/ OPERATING INCOME MARGIN



Operating income (left scale)
Operating income margin (right scale)

Graph 06

CAPITAL EXPENDITURE*



* For entire Technology Solutions segment

Infrastructure Services: In Japan, we expect an increase in demand for outsourcing services given the continuing trends toward recovery in system integration from the previous fiscal year. Furthermore, the move toward new ways of using ICT is becoming stronger in tandem with system upgrades, and we expect to see wider use of infrastructure, as well as various cloud computing services, such as SaaS, PaaS, and IaaS, as well as private cloud computing.

Fujitsu has further expanded its service lineup, preparing systems of products and services, such as the Cloud Initiative and the Big Data Initiative. We are promoting the use of ICT in a host of different areas, such as the food and agriculture cloud service, Akisai, as well as cloud services for senior care and veterinary services. In addition, customer interest in system backup and business continuity in preparation for natural disasters has increased, and outsourcing primarily using datacenters and business continuity planning (BCP)-related services is gaining momentum. In recognition that cloud computing's future expansion is all but certain, we will bolster new service proposals that apply ICT in innovative ways.

Outside Japan, following our introduction of a new global matrix organization, we have established a structure that can provide the same shared products and standardized services, both in Japan and other countries. Furthermore, Fujitsu will build a global support system for multiregional business deals and enhance its services business in Europe. In these ways, Fujitsu will provide consistent, high-quality ICT services globally to support all customers in their endeavors, no matter where they do business.

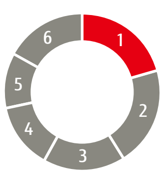
Technology Solutions/System Platforms

System products and network products are the foundation of ICT infrastructure. System products comprise the servers (such as mainframes, UNIX, mission-critical x86 servers), storage systems, and middleware on which information systems are built. Network products include the mobile phone base stations, optical transmission systems, and other equipment used to build communications infrastructure.

OUR STRENGTHS

SERVER SHARE IN JAPAN 2013 (REVENUE BASIS)

1	**Fujitsu**	**20.6%**
2	Company A	20.6%
3	Company B	17.1%
4	Company C	13.6%
5	Company D	11.4%
6	Others	16.7%

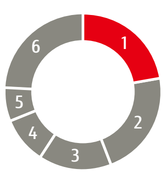


(Source: IDC Japan, Japan Server Quarterly Model Analysis, 2014 Q1)

* IDC treats cases where vendor shipments differ by less than 1% as a tie.

TOTAL OPTICAL FIBER NETWORKING MARKET SHARE FOR NORTH AMERICA IN 2013 (REVENUE BASIS)

1	**Fujitsu**	**22.3%**
2	Company A	21.9%
3	Company B	15.1%
4	Company C	9.7%
5	Company D	7.0%
6	Others	24.0%



(Source: Ovum, Market Share Spreadsheet & Analysis: 1Q14 Global ON, May 2014)

In system products, Fujitsu has a broad lineup of offerings to meet the needs of customers around the world. These include sophisticated and highly reliable mainframe and UNIX servers that support the mission-critical systems of corporations and that are equipped with proprietary CPUs—Fujitsu being one of the few global ICT companies with the technology to make its own processor chips. We also provide x86 servers for cloud computing and other promising business areas, as well as storage systems able to hold increasingly vast amounts of data.

In network products, Fujitsu holds a large market share for optical transmission systems and mobile phone base stations used by mobile communications carriers in Japan, backed by its advanced technology and support capabilities. We also have a large market share in the highly competitive North American market for optical transmission systems, building on our highly rated technical capabilities and track record.

Explanations for underlined words can be found in the glossary on pages 160-162.

Technology Solutions/System Platforms

UNIX server
SPARC M10-4S

2-way blade x86 server
PRIMERGY BX924 S4

Storage system
ETERNUS DX600 S3

TOPICS

HA Database Ready SX2 Strengthens Lineup of Vertically Integrated Database Systems

The HA Database Ready SX2 brings to the lineup of database systems a high-performance, high-capacity model that supports increased database capacity following system deployment. An important feature of the new model is its encryption technology that uses the strongest key in the Advanced Encryption Standard (AES) encryption standard. In concert with Intel® AES New Instructions, a new technology for encryption, data can be encrypted and decrypted without impacting performance, making it ideal for financial or other secure systems management.

The HA Database Ready SX2 can be used for a wide range of applications, from social infrastructure systems that require high performance and exceptional reliability to information systems that need powerful performance and capacity large enough to handle high-speed batch processing and data consolidation.

FUJITSU Integrated System HA Database Ready SX2, a large-scale model for large capacity databases

TECHNOLOGY SOLUTIONS RESULTS (See page 045 for numerical results from system platform operations)

*In accordance with the adoption of the amended IAS 19, the figures for fiscal 2012 have been retroactively revised.

Yen (millions)

Years ended March 31	2011	2012	2013	**2014**
Net sales				
External customers	¥2,927,651	¥2,864,658	¥2,890,376	**¥3,192,928**
Inter-segment	86,735	70,247	52,002	**50,085**
Total sales	3,014,386	2,934,905	2,942,378	**3,243,013**
Operating income	162,881	171,297	173,967	**209,133**
Total assets	1,481,119	1,446,368	1,442,810	**1,519,694**
Other items				
Capital expenditure (including intangible assets)	116,218	119,712	104,585	**118,773**
Depreciation	116,690	106,771	102,784	**107,219**
Amortization of goodwill for the year	14,991	14,495	14,115	**9,829**
Balance of goodwill at end of the fiscal year	79,974	68,024	30,181	**25,969**

Technology Solutions/System Platforms

MARKET TRENDS

2013 Global Market Trends

System Products: The server market in Japan increased 1.5% year on year to US$5.0 billion. In 2013, the domestic market saw an increase in shipment amounts of x86 servers in particular, as their share of the overall market grew. The average price of x86 servers increased by more than 10% from the previous year due to a rise in materials costs as a result of the weaker yen and enhanced performance enabled by server integration. Moreover, partly due to the economic recovery, there were prominent large-scale business deals in the fields of finance, manufacturing, and the public sector. Meanwhile, the market for RISC servers such as UNIX servers was driven mainly by replacement demand.

Network Products: In Japan, the optical transmission market grew year on year. The growth was driven by ongoing investment to enhance backbone infrastructure as the full-scale rollout of LTE services expanded. In the IP equipment market, including routers, the cycle of investment to enhance carrier routers in the face of increasing traffic came to an end, but the market saw greater investment year on year in routers and switches for use in LTE networks. The mobile infrastructure market also reported year-on-year growth, as the full-scale rollout of LTE services expanded investment in LTE base stations and other equipment, although 3G investment ran its course.

The North American optical transmission market grew compared to the previous year as companies continued their investments to strengthen mobile backhaul and other backbone infrastructure to cope with the rollout of LTE and increased data traffic.

Outlook for 2014

System Products: The server market in Japan is projected to decline by 10.1% to US$4.6 billion. The x86 server market is expected to maintain growth given the penetration of cloud computing and mobile devices. On the other hand, the high-end and middle-range mainframe server and UNIX server markets are expected to be driven mainly by replacement demand.

Globally, the server market is expected to grow 1.6% year on year to US$54.2 billion amid increased demand for datacenters driven by expansion in emerging markets and the adoption of SNS and cloud computing.

Network Products: In Japan, the optical transmission market investment in LTE networks is expected to remain strong, while investment in 100 Gbps optical transmission and the integration of optical transmission and packet processing is expected to enter full swing atop efforts to cope with increasing traffic and to simplify network configurations. In the mobile infrastructure market, 3G investment is winding down, but investment is projected to expand in order to increase LTE service area coverage and transmission speeds.

In North America, the optical transmission market saw the latest round of investment by major communications carriers in the US-wide rollout of LTE network services come to an end, but active investment is expected in 100 Gbps optical transmission and the integration of optical transmission and packet processing as networks prepare for the shift to "All IP" and the even higher transmission speeds.

OPERATIONAL REVIEW AND INITIATIVES

Fiscal 2013 Business Results

The System Platforms sub-segment, comprising System Products and Network Products, reported sales of ¥615.7 billion, an increase of 10.9% from the previous fiscal year.

System Products: Sales of system products for the fiscal year ended March 31, 2014 increased 3.7% year on year to ¥272.7 billion. In Japan, sales rose on the contribution of large-scale systems deals in the public sector and growth in x86 servers, storage, and other systems, despite weak performance in UNIX servers.

Network Products: Sales increased 17.4% year on year to ¥343.0 billion.

While demand for 3G communications equipment to deal with the increased volume of communications traffic has run its course, overall sales increased on spending by telecommunications carriers to increase LTE service area coverage and transmission speeds. Sales of optical transmission systems outside Japan increased significantly with the deployment of LTE networks and investments to reinforce optical transmission equipment in preparation for the shift to "All IP." Sales of optical transmission equipment in Japan increased sharply due to a surge in demand for use in LTE networks.

Sales of mobile systems and network solutions rose significantly due to the full-scale rollout of LTE, although sales of 3G equipment contracted.

Operating profit for the System Platforms sub-segment totaled ¥57.9 billion, an increase of ¥8.6 billion from the previous year. Overall, System Products results were flat as an increase in costs, due to the impact of foreign currency exchange, was covered by highly profitable business deals in Japan. Profit from Network Products increased significantly, driven by strong performance in mobile systems and optical transmission systems.

Technology Solutions/System Platforms

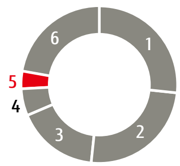
MARKET DATA

Graph 01

GLOBAL SERVER SHARE IN 2013

(REVENUE BASIS)

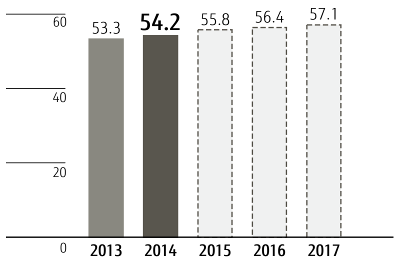
1	Company A	26.9%
2	Company B	24.9%
3	Company C	16.9%
4	Company D	5.7%
5	**Fujitsu**	**3.6%**
6	Others	22.0%



(Source: IDC's Worldwide Quarterly Server Tracker 2014 Q1)

Graph 02

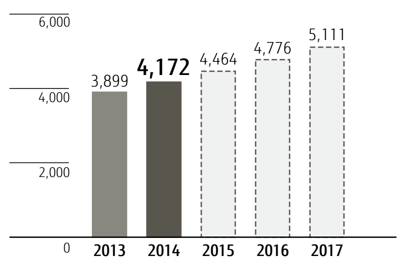
GLOBAL SERVER MARKET FORECAST



(Source: IDC, May 2014 "Worldwide Black Book Query Tool, Version 1, 2014")

Graph 03

NORTH AMERICAN OPTICAL NETWORK MARKET FORECAST

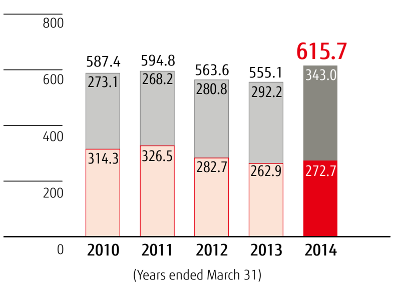


(Source: Ovum, On Forecast Spreadsheet: 2013-19, May 2014)

FUJITSU DATA

Graph 04

SALES BY PRINCIPAL PRODUCTS AND SERVICES*

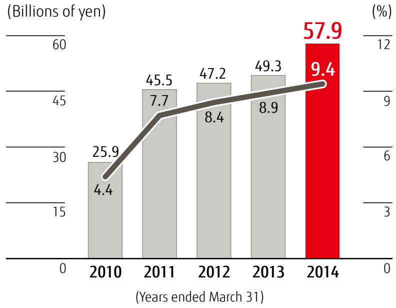


System Products
Network Products

* Including intersegment sales

Graph 05

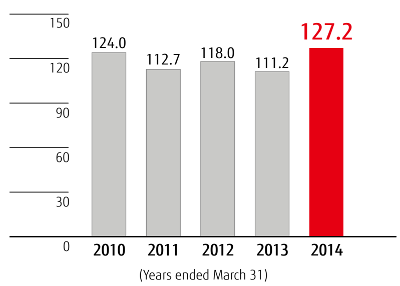
OPERATING INCOME/ OPERATING INCOME MARGIN



Operating income (left scale)
Operating income margin (right scale)

Graph 06

R&D EXPENDITURE*



* For entire Technology Solutions segment

Initiatives Going Forward

System Products: ICT plays an increasingly vital role in ensuring social prosperity and security, including through cloud computing, which will enable flexible ICT utilization. The servers, storage, software, and other products that form the foundation of ICT infrastructure are playing an increasingly important role and Fujitsu will move forward with developing these optimized platforms. In x86 servers, we will promote further development efficiency with Germany-based Fujitsu Technology Solutions (Holding) B.V. to strengthen the cost competitiveness or our products. At the same time, we will grow our business globally by developing new channels with major systems integrators, enhancing our promotional activities, and cultivating further business with existing customers using modernization as a trigger. In mainframes and UNIX servers, we will continue our sales activities targeting existing users.

Network Products: Network products are playing an increasingly important role in ushering in the cloud era as data and networks continue to merge. Fujitsu is taking steps toward its next growth stage by accelerating the development of the network virtualization technologies SDN and NFV while aiming to increase earnings by expanding sales globally. In optical transmission systems, our capabilities in advanced technologies will play a role in expanding our business as we seek to increase sales of 100 Gbps packet-integrated optical systems to cope with rapidly increasing data traffic. In mobile systems, we will aim to promote future business expansion by steadily developing high-density radio base stations compatible with LTE-Advanced. In addition, we will also provide optimal and timely communications environments through network virtualization technologies such as SDN and NFV, and contribute to the development of new services and their increased use.

MANAGEMENT
PERFORMANCE
RESPONSIBILITY
FACTS & FIGURES

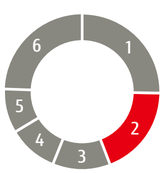
Ubiquitous Solutions

Ubiquitous Solutions consists of PCs, mobile phones, and mobilewear. In PCs, Fujitsu's lineup includes desktop and laptop PCs known for energy efficiency, security, and other enhanced features, as well as water- and dust-resistant tablets. In mobile phones, Fujitsu's offerings include ARROWS brand smartphones, Raku-Raku Phone brand feature phones and ARROWS Tab brand tablets. In mobilewear, Fujitsu answers a diverse range of needs through "Connectivity Products," among them car navigation systems that interface with smartphones.

OUR STRENGTHS

PC MARKET SHARE IN JAPAN 2013
(UNIT BASIS)

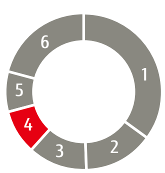
1	Company A	25.5%
2	**Fujitsu**	**18.7%**
3	Company B	12.0%
4	Company C	10.3%
5	Company D	9.3%
6	Others	24.2%



(Source: Gartner,"Quarterly Statistics:Personal Computers by Major Market, Worldwide by Region, 4Q13 Update" 3 February 2014)
* Chart created by Fujitsu based on Gartner data

MOBILE PHONE SHIPMENTS IN JAPAN IN 2013 (UNIT BASIS)

1	Company A	35.2%
2	Company B	14.4%
3	Company C	12.1%
4	**Fujitsu**	**9.3%**
5	Company D	8.2%
6	Others	20.8%



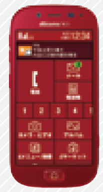
(Source: IDC, Worldwide Quarterly Mobile Phone Tracker, 2014Q1)

In PCs, Fujitsu delivers high-quality, high-performance products to customers as quickly as possible. For the Japanese market, we have a complete manufacturing framework from circuit boards through finished products, with our laptop PCs manufactured by Shimane Fujitsu Limited, and desktop PCs by Fujitsu Isotec Limited. Outside of Japan, Fujitsu Technology Solutions (Holding) B.V. performs assembly and customization, primarily for the European market. We also offer a full lineup of tablets with high-spec, water- and dust-resistant features, which come in convertible and hybrid variations. In mobile phones, we develop and manufacture high quality mobile devices equipped with a range of proprietary technologies, including high-end smartphones featuring enhanced battery performance and character input systems and the Raku-Raku Phone Series with easy-to-read displays, clear-sounding speakers, and intuitive functionality. In mobilewear, we draw on our long-nurtured expertise with in-vehicle technologies to provide car navigation systems and other types of automotive electronics that make the driving experience safer and more comfortable.

Explanations for underlined words can be found in the glossary on pages 160-162.

Ubiquitous Solutions

FMV ESPRIMO WH77/M desktop PC that easily changes shape to facilitate touch-screen operation



A convenient, sophisticated new design enables users to connect more easily with family and friends. Raku-Raku Smartphone 3 F-06F

ECLIPSE "ULTRA AVN" (AVN-ZX03i) car navigation system

TOPICS

Fujitsu Develops Prototype Haptic Sensory Tablet

Applying new haptic, or tactile sensory, technology developed by Fujitsu Laboratories, Fujitsu and Fujitsu Laboratories have developed a prototype tablet with a touchscreen display panel that conveys a sense of slipperiness or roughness to the user. While technologies already exist that convey texture by vibrating the touchscreen display panel itself or by generating static electricity, Fujitsu Laboratories has developed the industry's first technology to use ultrasonic vibrations to convey tactile sensations by varying the friction between the touchscreen display and the user's fingers. This technology enables tactile sensations – either smooth or rough, which had until now been difficult to achieve – right on the touchscreen display. Users can enjoy realistic tactile sensations as they are applied to images of objects displayed on the screen.

A prototype tablet with haptic sensory technology

UBIQUITOUS SOLUTIONS RESULTS (See page 049 for numerical results from PCs/Mobile Phones and Mobilewear operation)

Yen (millions)

Years ended March 31	2011	2012	2013	**2014**
Net sales				
External customers	¥1,013,056	¥1,039,809	¥ 972,971	**¥ 987,976**
Inter-segment	112,586	114,473	117,278	**137,486**
Total sales	1,125,642	1,154,282	1,090,249	**1,125,462**
Operating income (loss)	22,679	19,938	9,626	**(22,105)**
Total assets	332,121	361,732	335,747	**387,317**
Other items				
Capital expenditure (including intangible assets)	20,578	19,698	23,851	**23,200**
Depreciation	20,675	21,210	21,496	**20,761**
Amortization of goodwill for the year	46	48	49	**56**
Balance of goodwill at end of the fiscal year	184	148	119	**83**

Ubiquitous Solutions

MARKET TRENDS

2013 Global Market Trends

Total shipments of conventional PCs and tablets in Japan in 2013 came to 22.36 million units. Shipments of conventional PCs declined 0.3% year on year to 15.65 million, mainly because of the continuing shift toward tablets. However, the decline was offset by an uptick from replacement demand, particularly in the corporate market, with the expiration of support for Windows XP. Another key contributor was a surge in demand among consumers ahead of the April 2014 consumption tax increase in Japan. The market for tablets continued its steady expansion, with shipments in Japan up 86.4% year on year to 6.71 million units. Demand for low-cost tablets continued its upward trend in the consumer market, while demand was robust for tablets in the corporate market. Globally, shipments of conventional PCs and tablets amounted to 512.6 million units.

The market for conventional PCs contracted 9.7% from the previous year to 317.2 million units. The tablet market, meanwhile, continued to expand, growing by 67.9% year on year to 195.4 million units.

The number of mobile phones shipped in Japan fell 1.5% year on year to 39.21 million units. The decrease was the result of sluggish migration from feature phones to smartphones, and slack shipment volumes of Android operating system terminals.

Worldwide demand for car navigation systems increased 7.5% year on year to 12.19 million units. In Japan, volume was higher for the year atop a rebound in new automobile sales and a surge in demand ahead of the consumption tax increase through the second half of the year, countering declines in the first half from the absence of buyer incentives for the purchase of eco-conscious vehicles. In the US market, brisk automobile sales led to strong growth, while in Europe, sales growth was modest for car navigation systems as automobile sales grew modestly.

Outlook for 2014

The outlook for shipments of conventional PCs and tablets in Japan for 2014 is 22.66 million units. Both the corporate and consumer markets for conventional PCs are expected to decline on a fall back from a surge in special demand in 2013, and are projected to decline 6.1% to 14.69 million units. The tablet market is forecast to increase 18.7% year on year to 7.97 million units, with expectations of continued new demand in the consumer sector, while the corporate sector is expected to expand in the fields of product sales tools and education. Global shipments of conventional PCs and tablets are projected to be 584.68 million units. The conventional PC market is expected to see weaker sales, mainly on slower economic growth in emerging economies and the ongoing shift to tablets, with shipments declining 1.0% year on year to 313.93 million units. The tablet market is forecast to grow steadily, with shipments increasing 38.6% year on year to 270.75 million units.

In mobile phones, domestic shipments are expected to decrease 4.7% to 37.35 million units. Volume is expected to decline in the consumer market amid a drop in new smartphone demand, leaving replacements as the main source of demand. In the corporate market, replacement demand is likely to spur continued expansion as users switch from feature phones to smartphones.

Worldwide demand for car navigation systems is projected to increase 4.0% year on year to 12.68 million units, reflecting anticipated growth from the rollout of new products with smartphone connectivity and lower-priced products in the expanding automobile market.

OPERATIONAL REVIEW AND INITIATIVES

Fiscal 2013 Business Results

Net sales in the Ubiquitous Solutions segment totaled ¥1,125.4 billion in fiscal 2013 (up 3.2% year on year).

Worldwide shipments of Fujitsu PCs increased 1.2% to 5.9 million units. In Japan, shipments rose dramatically, notably to the corporate market, in line with replacement demand from the expiration of support for Windows XP. In the consumer market, while shipments declined in step with market contraction, higher prices from efforts to partially pass along the impact of the yen's depreciation, and a surge in demand in the fourth quarter ahead of a consumption tax increase, contributed to shipments. Outside Japan, shipments were lower, in line with a switch over to policies emphasizing profitability, from the second half of fiscal 2012.

In mobile phones, domestic shipments declined a substantial 43% year on year to 3.7 million units. The first half of the fiscal year was particularly sluggish on the impact of telecommunications carriers having revised their sales policies. Shipments of tablets to the finance sector and other corporate customers were brisk.

In mobilewear, revenues in Japan rose atop a rebound in shipments of new automobiles and a surge in demand ahead of the consumption tax increase. Outside Japan, revenues were also higher as automobile sales remained robust overall, especially in North America.

Ubiquitous Solutions reported an operating loss of ¥22.1 billion, a deterioration of ¥31.7 billion from the previous fiscal year.

In Japan, Fujitsu PCs benefited from higher sales mainly to domestic corporate customers. Outside Japan, along with the impact of lower unit sales, performance was negatively impacted by increased component costs from exchange rates. In Germany, there was a temporary decrease in estimated expenses related to copyright levies imposed on PCs.

In mobile phones, in addition to a substantial decline in shipments, higher costs associated with improved functionality and the yen's depreciation caused a significant decline in earnings.

Mobilewear benefited from higher revenue.

In the mobile phone business, Fujitsu took steps to develop an efficient production framework capable of withstanding

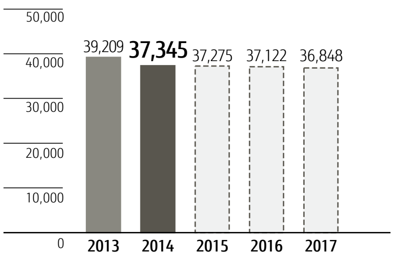
Ubiquitous Solutions

MARKET DATA

Graph 01

MOBILE PHONE SHIPMENT FORECAST FOR JAPAN

(Thousands of units)



(Source: IDC, Worldwide Quarterly Mobile Phone Tracker, 2014Q1)

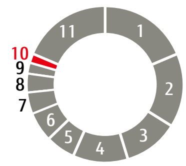
* The above figures are as of the end of each fiscal year (March 31)

Graph 02

GLOBAL PC MARKET SHARE IN 2013

(REVENUE BASIS)

1	Company A	18.7%
2	Company B	15.3%
3	Company C	11.5%
4	Company D	11.2%
5	Company E	6.3%
6	Company F	6.0%
7	Company G	4.6%
8	Company H	3.7%
9	Company I	2.4%
10	**Fujitsu**	**1.8%**
11	Others	18.5%



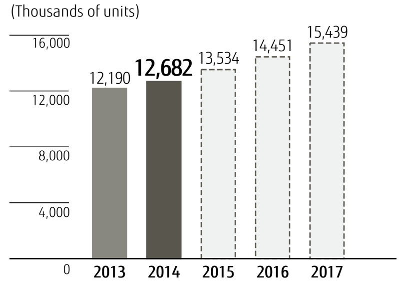
(Source: Gartner,"Quarterly Statistics:Personal Computers by Major Market, Worldwide by Region, 4Q13 Update" 3 February 2014)

* Chart created by Fujitsu based on Gartner data

Graph 03

PROJECTED TRENDS IN GLOBAL CAR NAVIGATION SYSTEM DEMAND

(Thousands of units)

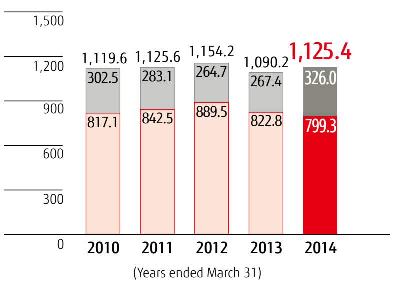


(Source: Japan Electronics and Information Technology Industries Association, "Trends in Worldwide Demand for Major Electronics," published February 2014)

Graph 04

SALES BY PRINCIPAL PRODUCTS AND SERVICES*

(Billions of yen)



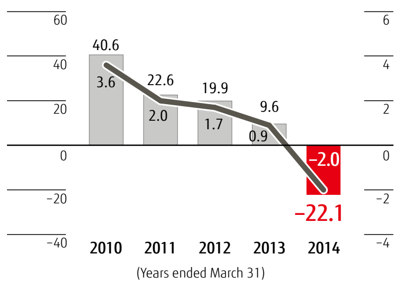
PCs/Mobile Phones
Mobilewear

* Including intersegment sales

Graph 05

OPERATING INCOME (LOSS)/ OPERATING INCOME MARGIN

(Billions of yen) (%)

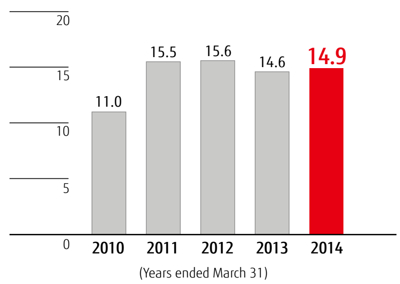


Operating income (loss) (left scale)
Operating income margin (right scale)

Graph 06

CAPITAL EXPENDITURE

(Billions of yen)



fluctuations in production quantity. This included the merging of two volume production sites in April 2014, and a slimmer R&D structure through the shifting of personnel.

See page 018 for more on structural reforms in the mobile phone business.

Initiatives Going Forward

In PCs, Fujitsu continues to release a range of new products including the ESPRIMO desktop PC and LIFEBOOK laptop PC series for the corporate market, the ARROWS Tab series of tablets, the FUTRO thin-client/zero-client PC, and CELSIUS series of PC workstations. For the consumer market, together with enhancing the functionality of its My Cloud offering, Fujitsu will release new products such as the Floral Kiss PC designed specifically for women. In North America, Fujitsu is upgrading and strengthening sales of its lineup of tablets for the education, distribution and manufacturing sectors, while in Europe, measures being taken include further enhancing the product mix to boost profitability.

In mobile phones, Fujitsu will release several products, among them the ARROWS NX F-05F, offering longer battery life and a better text input system, and the Raku-Raku Smartphone 3 F-06F, the phone that remains easy to use and has improved screen visibility and user enjoyment. Outside Japan, Fujitsu plans to roll out LTE- and NFC-compatible models following its June 2013 launch in France of a senior-focused smartphone, together with its partner Orange.

In mobilewear, Fujitsu is branching into new business domains and advancing its model of vertical integration that links services, datacenters, terminals, and controls. Emblematic of this is the Vehicle-ICT business, which seeks to raise the added value of automobiles by bringing together a variety of data related to comfort, safety and security, and environmental operations around the linchpin of information and communication technology.

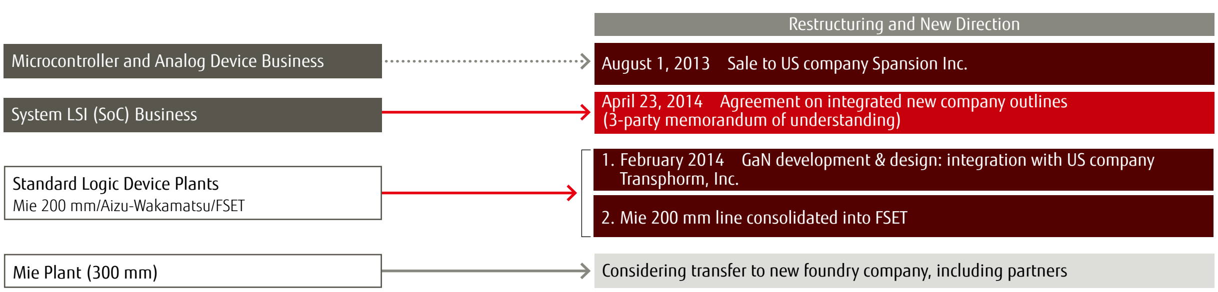
Device Solutions

LSI devices and electronic components comprise Fujitsu's Device Solutions. Fujitsu Semiconductor, the Fujitsu Group's operating company in semiconductors, provides LSI devices found in products such as digital home appliances, automobiles, mobile phones, and servers. Meanwhile, publicly listed consolidated subsidiaries such as Shinko Electric Industries, Fujitsu Component, and FDK provide semiconductor packages and other electronic components, as well as structural components such as batteries, relays, and connectors.

Overview of Structural Reforms in the Semiconductor Business

In the semiconductor business, Fujitsu implemented structural reforms while searching for solutions that would i) retain the Company's semiconductor technologies for future use, ii) maintain stable supplies for customers, and iii) give consideration to employment and local communities. As a result of these efforts, Fujitsu achieved the following outcomes.

1) Transferred the microcontroller and analog business to Spansion Inc. of the US (August 2013).
2) Merged the development and design functions for gallium nitride (GaN) power devices with Transphorm, Inc. (February 2014).
3) In the System LSI (SoC) development and design business, signed a memorandum of understanding with Panasonic Corporation and the Development Bank of Japan on establishing a new integrated system LSI (SoC: System on a Chip) company (April 2014).



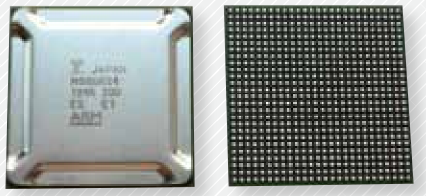
FSET: Fujitsu Semiconductor Technology.
FSET is a wholly owned subsidiary of Fujitsu Semiconductor Limited

OUR STRENGTHS

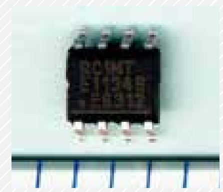
Fujitsu's system LSI business focuses on the four pillars of "Mobile," "Automotive," "Advanced Imaging," and "High-performance (Industrial Equipment)." In these four areas, we offer highly reliable, optimized solutions that meet the diverse needs of our customers. Our products are used in a wide range of applications, from imaging to wireless communications and security, and are increasingly energy efficient as a result of the emphasis we place on the environment. We are expanding the system LSI business globally through development, technical support, and sales sites in Japan, the Americas, Europe, and Asia.

Explanations for underlined words can be found in the glossary on pages 160-162.

Device Solutions



MB86R24, third-generation high-performance graphic SoC for automotive applications



I²C interface 1 megabit FRAM "MB85RC1MT"

TOPICS

First DDC™ Transistor-Based Chip Enters Volume Production

SuVolta, Inc. and Fujitsu Semiconductor Limited have launched volume production of the MB86S22AA Milbeaut® imaging processer, the first product ever to incorporate Deeply Depleted Channel™ (DDC), a SuVolta technology. Compared to earlier Milbeaut® processors, the manufacture of this model is based on CS250S technology that merges Fujitsu Semiconductor's 55nm process technology with DDC. The result is a chip equipped with larger-scale, high-performance circuits, for roughly double the processing performance despite a 30% reduction in energy consumption. The start of MB86S22AA volume production represents a major milestone of successful joint development that has unfolded exactly as scheduled thus far. Both companies are working to further advance the potential of high-performance, ultra energy-efficient products.

MB86S22AA, one of the M-7M series of seventh generation Milbeaut® processors

DEVICE SOLUTIONS RESULTS (See page 053 for numerical results from LSI Devices and Electronic Components, Others operation)

Yen (millions)

Years ended March 31	2011	2012	2013	**2014**
Net sales				
External customers	¥545,729	¥515,834	¥483,896	**¥547,709**
Inter-segment	84,871	68,866	56,478	**52,571**
Total sales	630,600	584,700	540,374	**600,280**
Operating income (loss)	20,976	(10,182)	(14,246)	**28,394**
Total assets	434,718	434,902	383,418	**372,291**
Other items				
Capital expenditure (including intangible assets)	44,837	51,876	45,828	**37,914**
Depreciation	60,941	56,483	44,023	**38,056**
Amortization of goodwill for the year	573	556	67	**(177)**
Balance of goodwill at end of the fiscal year	(75)	(646)	(726)	**1,451**

Device Solutions

MARKET TRENDS

2013 Global Market Trends

In 2013, firm growth lifted the global semiconductor market 4.8% year on year to US$305.6 billion, despite fluctuations across individual product categories. Market value surpassed US$300 billion for the first time ever, slightly exceeding the previous record set in 2011. While television and conventional PC performance deteriorated, the market was lifted by strong growth in smartphones, tablets, new automobile sales in Japan and the US, favorable growth in the Chinese automobile market, and a higher rate of adoption of electronic systems in automobiles.

Geographically, the Japanese market grew by 3.7%*1 on a yen basis, reflecting economic recovery stimulated by the yen's depreciation and rising stock prices, reversing a decline of 4.2% in the previous year. On a dollar basis, market growth fell a substantial 15.2%, triggered by the yen's sudden depreciation since the autumn of 2012. The Asian market grew 7.0% year on year, attributable to ongoing economic recovery and acceleration in the widespread use of smartphones and other electronic devices in China and other countries. The European market was up 5.2%, marking positive growth for the first time in three years, as a long-awaited economic turnaround led by key countries overcame the continued presence of high unemployment rates in southern Europe and other challenging conditions. In the Americas, the market expanded a substantial 13.1% year on year, as economies remained on a recovery track. This was demonstrated by the continuation of firm growth in the housing market and personal consumption, along with ongoing improvement in employment.

Outlook for 2014

In 2014, the global semiconductor market is expected to grow 6.5%*1 year on year to US$325.4 billion as the outlook is for economies to continue their gradual recovery and the electronics market to achieve stable growth.

By region, the Americas market is forecast to grow 2.1%*1, with Europe set to increase 7.9%*1 year on year. The Japanese market is expected to contract 1.3%*1, while the Asia-Pacific market is expected to increase 9.3%*1. Although the Japanese market is projected to dip slightly on a dollar basis due to the yen's depreciation, on a yen basis, the market is set to grow by 4.0%. Improved capital investment and employment in Japan, and the accompanying expansion in consumer spending, are forecast to sustain economic recovery trends, with automobiles, industrial equipment, smartphones, and tablets also likely to continue to perform strongly. At the same time, the market environment is expected to remain challenging, reflecting lingering weakness in the AV equipment market, notably for conventional PCs and digital cameras, coupled with more intense competition in the global market.

In terms of products, the market for MOS microcontrollers is expected to grow 0.9%*1 year on year, while the memory market, which includes DRAM and Flash memory, and the market for logic LSI are also both expected grow year on year, by 7.5%*1 and 7.1%*1, respectively.

The global semiconductor market is projected to continue growing through 2015 and into 2016, with anticipated increases of 3.3%*1 to US$336.1 billion in 2015, and 4.3%*1 in 2016 to US$350.5 billion. An average annual growth rate of 4.7%*1 is expected between 2013 and 2016.

*1 Semiconductor market estimates according to World Semiconductor Trade Statistics (WSTS), spring 2014 forecast.

OPERATIONAL REVIEW AND INITIATIVES

Fiscal 2013 Business Results

Net sales in Device Solutions rose by 11.1% year on year to ¥600.2 billion. Sales in Japan decreased 1.3%. Sales of LSI devices saw growth in products for smartphones, but declined on lower sales mainly of products for digital AV devices and information devices. Electronic component sales were largely unchanged overall year on year, as growth in optical transceiver modules for communications devices offset lower sales of semiconductor packages and batteries. Outside Japan, LSI sales increased by 26.1%, or 5% on a constant currency basis. The main driver of growth in LSI sales was sales of products for smartphones.

The segment posted operating income of ¥28.3 billion, an improvement of ¥42.6 billion from the previous year. In Japan, this progress came mainly from benefits gained by reducing fixed costs, primarily through implementation of an early retirement scheme in LSIs. While capacity utilization remained high for the 300 mm line at the Mie Plant, largely reflecting growth in the number of essential LSIs for smartphones, utilization rates remained low for standard technology process lines. Outside Japan, in addition to increased needs for both LSI and electronic components, the depreciation of the yen had the effect of increasing sales.

The Fujitsu Group is conducting structural reform of its LSI business. As part of the reforms, the Group optimized its workforce through implementation of an early retirement scheme, and in August 2013, transferred the microcontroller and analog device business to Spansion Inc., followed in February 2014, by the integration of the GaN power device business with US-based Transphorm, Inc.

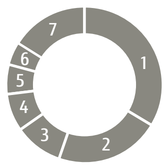
Device Solutions

MARKET DATA

Graph 01

SALES OF LOGIC LSI PRODUCTS BY APPLICATION FOR THE YEAR ENDED MARCH 31, 2014

1 Mobile phones
2 AV/Consumer electronics
3 PCs and peripherals
4 Automobiles
5 Communications devices
6 Industrial machinery
7 Others

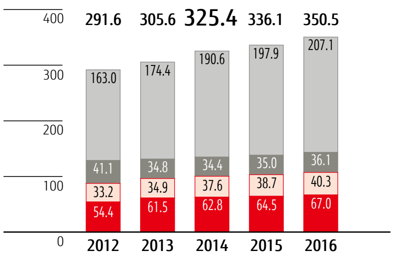


(Source: Fujitsu Semiconductor Limited)

Graph 02

GLOBAL SEMICONDUCTOR MARKET FORECASTS

(Billions of US dollars)



Americas
Japan
Europe
Asia-Pacific

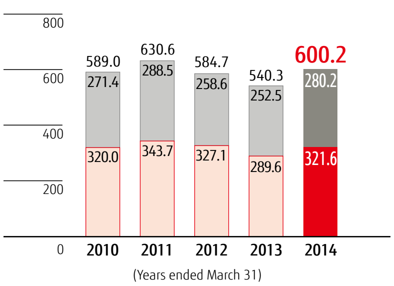
(Source: World Semiconductor Trade Statistics (WSTS))

FUJITSU DATA

Graph 03

SALES BY PRINCIPAL PRODUCTS AND SERVICES*

(Billions of yen)



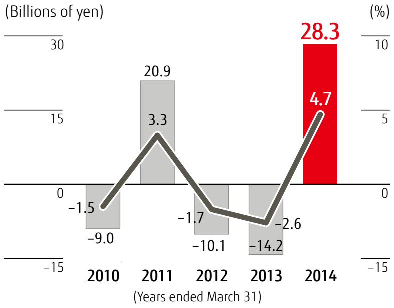
LSI Devices
Electronic Components, Others

* Including intersegment sales

Graph 04

OPERATING INCOME (LOSS)/ OPERATING INCOME MARGIN

(Billions of yen) (%)

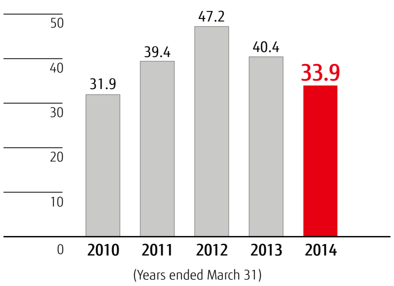


Operating income (loss) (left scale)
Operating income margin (right scale)

Graph 05

CAPITAL EXPENDITURE

(Billions of yen)



Initiatives Going Forward

In April 2014, Fujitsu signed a memorandum of understanding (MOU) in the system LSI (SoC) business that will culminate in the establishment of a new fabless company with Panasonic Corporation. The investment and loan will be provided by the Development Bank of Japan. The business integration and launch are scheduled to be completed in the third quarter. Fujitsu is set to control 40% of the voting rights in the new company, enabling the company to retain independence with the goal of an IPO within the next several years.

For the 300 mm line at the Mie Plant, Fujitsu is advancing wide-ranging negotiations, including with partners, with the goal of transferring the line to a new foundry company.

Regarding currently underutilized standard technology process lines, Fujitsu is making progress in consolidating such lines in the Aizu-Wakamatsu region, with an eye to achieving greater cost competitiveness and stability.

MAJOR ANNOUNCEMENTS AND IR ACTIVITIES IN FISCAL 2013

2013

Technology Solutions

April 8
Fujitsu Acquires Cloud Service Provider, RunMyProcess

April 10
Fujitsu and Oracle Announce Worldwide Availability of Fujitsu M10 Servers

April 24
Fujitsu Launches Software to Leverage Smart Device Data

May 1
Fujitsu, Aizu Wakamatsu City and Tohoku Electric Power Launch Smart Community Project in Japan's Aizu Wakamatsu Region

May 8
Fujitsu Develops New Architecture for Network-Wide Optimization of ICT Platforms Network Virtualization Products Based on Principles of SDN Initially Offered for Datacenters

May 10
Fujitsu to Launch New Vertically Integrated Virtualization and Cloud Platform

May 14
Fujitsu Launches FUJITSU Cloud Initiative to Systematize Its Cloud Products and Services

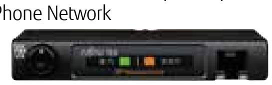
May 15
Fujitsu Receives Supercomputer Order from Nagoya University

June 24
Fujitsu Restructures Big Data Offerings to Bolster Data Utilization

Ubiquitous Solutions

April 18
Fujitsu Launches 18 Models of Enterprise PCs in 10 Series

April 25
Fujitsu Launches IP Wireless Taxi Dispatch System Using Mobile Phone Network



June 4
Fujitsu Launches docomo ARROWS NX F-06E Smartphone

June 5
Fujitsu Launches Lineup of FMV Series PCs with Four Models

June 12
Orange and Fujitsu to Launch the STYLISTIC S01 Smartphone with "Accompanying Smartphone Pack" Exclusively in France on June 13

August 7
Fujitsu and Microsoft Japan to Equip Meiji Yasuda Life Insurance's 30,000 Advisors with Windows 8 Tablets in One of World's Largest Ever Deployments

August 14
Fujitsu Introduces Raku-Raku Smartphone 2

September 30
Fujitsu Launches Raku-Raku Smartphone Premium

Device Solutions

April 30
Spansion to Acquire Microcontroller and Analog Business from Fujitsu

May 16
Fujitsu Semiconductor Develops World's First 360° Wraparound View System with Approaching Object Detection

September 4
Fujitsu Releases Milbeaut® Image Processor

September 4
First DDC™ Transistor-Based Chip Enters Volume Production

November 13
Fujitsu Releases 4 Mbit FRAM with Non-Volatile Memory with SRAM-Compatible Parallel Interface

Others

April 3
Fujitsu and DERI Revolutionize Access to Open Data by Jointly Developing Technology for Linked Open Data

April 3
Fujitsu Develops Next-Generation User Interface for Intuitive Touch-Based Operations

April 10
Fujitsu Sets Out its "Fujitsu Technology and Service Vision"

April 11
Fujitsu announces the Fujitsu Group Environmental Action Plan, Stage VII

August 5
Fujitsu Develops World's First Authentication Technology to Extract and Match 2,048-bit Feature Codes from Palm Vein Images

IR

April 3
Fujitsu Laboratories' R&D Strategy Briefing

April 30
FY2012 full-year financial results announcement

June 24
113th Annual Shareholders' Meeting

July 30
FY2013 first-quarter financial results announcement

Please visit the following website for further details
http://www.fujitsu.com/global/about/ir/stock/calendar/

2014

July 5
Fujitsu Commences Field Trials of Japan's Largest Low-Potassium "Plant Factory"

August 27
Fujitsu Introduces FUJITSU Mobile Initiative to Provide Structure for Mobile Products and Services Lineups

August 30
Balfour Beatty Enlists Fujitsu to Build Foundations for Future Innovation and Growth

September 11
Fujitsu Expands PRIMERGY Lineup with Eight Models Featuring the Latest Intel CPUs

October 2
Fujitsu Launches Cloud Services in Thailand

December 3
Fujitsu to Implement ConnectEdBC, a New Student Information System for Schools in British Columbia with Follett Corporation

January 20
Fujitsu Organizes Security Products and Services under New FUJITSU Security Initiative

February 13
Fujitsu Deploys Supercomputer System to Shinshu University

February 18
Fujitsu Deploys Virtual Desktop Service to Enhance Tablet Device Functions at TOHO BANK

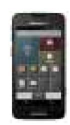
October 8
Fujitsu Releases Enterprise Tablets, PCs and Workstations
15 models in 11 Product Families Enhance Lineup of Tablets, Mobile Laptops, and Desktop PCs to Transform How Enterprises Work

October 8
Connection Function Providing More "Ease of Use" and "Safety" Release of Car Navigation Systems Providing Destination Search by Narrowing Down Search through Natural Dialogue

October 21
Fujitsu Launches ARROWS NX F-01F Smartphone

November 26
Fujitsu Launches Docomo Tablet ARROWS Tab F-02F

December 25
Fujitsu Launches F-04F Smartphone for Business



January 30
Fujitsu to Consolidate Mobile Phone Manufacturing Subsidiaries

February 4
Fujitsu Introduces "GRANNOTE," a PC for the Mature Consumer Segment

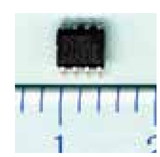
February 4
Fujitsu Releases Five Enterprise PC Models in Three Product Series, including Convertible Ultrabook™

November 19
Fujitsu Semiconductor Introduces Innovative Methodology for Leading-Edge "Customized SoC" Design

November 28
Transphorm and Fujitsu to Integrate GaN Power Device Businesses

December 10
Fujitsu Semiconductor Successfully Embeds Flash Memory onto DDC™ Technology

February 20
Fujitsu Semiconductor Releases 1 Mbit FRAM Product with I^2C Interface, Extending Serial-Memory Lineup



October 9
Fujitsu Develops World's First 3D Image Synthesis Technology to Display Vehicle Exterior Without Distortion

October 30
Fujitsu Develops Interference-Simulation Technology for Millimeter-Wave Radar

November 25
Fujitsu Supports Artificial Brain Project with Prep School Test Challenge
NII's "Todai Robot Project - Can a Robot Pass the University of Tokyo Entrance Exam?" Artificial Brain Project Takes on Prep School Yoyogi Seminar's Practice Exam

January 15
Fujitsu Laboratories Develops Technology Capable of Searching Encrypted Data to Maintain Privacy

February 18
Fujitsu Develops Glove-Style Wearable Device

February 24
Fujitsu Develops Prototype Haptic Sensory Tablet

March 7
Technologies Developed for Providing Flexible Wide Area Networks with SDN, a Global First

March 31
Fujitsu Develops New Speech Synthesis Technology

October 3
Numazu Plant Tour

October 31
FY2013 first-half financial results announcement

November 25
Presentation on "Akisai" Food and Agriculture Cloud Service

December 13
Presentation for bond investors

January 30
FY2013 third-quarter financial results announcement

April 15
Fujitsu Laboratories' R&D Strategy Briefing

April 30
FY2013 full-year financial results announcement

INITIATIVES BY REGION

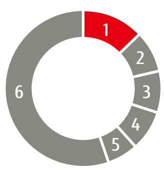
Japan

MARKET DATA

Graph 01

SHARE OF 2013 IT SERVICES MARKET SALES IN JAPAN (REVENUE BASIS)

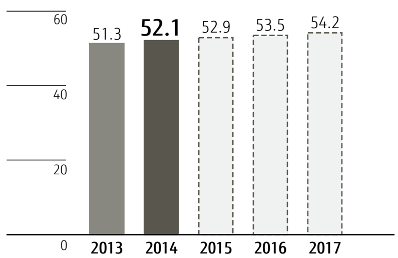
1	**Fujitsu**	**12.8%**
2	Company A	8.7%
3	Company B	8.5%
4	Company C	8.4%
5	Company D	6.4%
6	Others	55.2%



(Source: Gartner, "Market Share: IT Services, 2013" 31 March 2014)
* Chart created by Fujitsu based on Gartner data

Graph 02

IT MARKET FORECASTS (JAPAN)

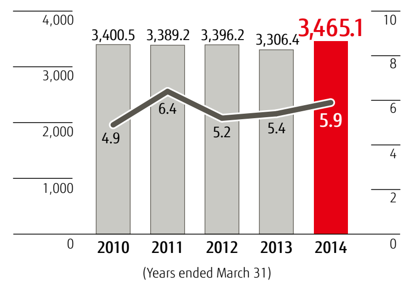


(Source: IDC, May 2014 "Worldwide Black Book Query Tool, Version 1, 2014")

FUJITSU DATA

Graph 03

NET SALES* AND OPERATING INCOME MARGIN



Net sales (left scale)
Operating income margin (right scale)

* Including intersegment sales

MARKET TRENDS

The Japanese IT market is expected to contract by 1.0% year on year in 2014.

In 2013, the IT market grew by 3.4% from the previous year. In addition to economic recovery owing to the effects of the government's economic policies and the yen's depreciation, growth came atop PC replacement demand triggered by the end of support for Windows XP, and a surge in demand ahead of an increase in Japan's consumption tax. In contrast, the IT market is set to decline slightly in 2014, reflecting the absence of growth drivers from the previous year.

While causes for concern persist, among them temporary weakness in consumer spending as a result of the consumption tax increase, and rising prices for imported raw materials due to a weaker yen, the ongoing recovery in ICT investment in the manufacturing, distribution, and financial industries is expected to remain as strong as in the previous year. In the public sector, investment is growing to build out shared infrastructure, to implement systemic reforms, and to enhance system convenience. The healthcare sector, meanwhile, is seeing increased links between different regional healthcare networks.

Amid these trends, Japan's server market is expected to undergo a year-on-year 10% contraction. This downturn will likely stem from decreasing demand due to several factors, including demand for large-scale upgrades in the mainframe market having mostly run its course in the previous year, a shift in recent years from UNIX servers towards x86 servers, and server integration. Although growth is forecast to continue from the previous year in the x86 server market, looking at the overall server market there is a trend toward contraction due to the impact of declining demand for large servers, coupled with falling prices. Given such movements in the market, Fujitsu anticipates that ICT expansion into new domains will work to offset contraction in existing markets.

The PC market is expected to decline 13.9% year on year, with a projected decrease due to the absence of replacement demand associated with the end of support for Windows XP from the previous year partially offset by growth in the tablet market.

The IT services market is estimated to grow by 1.6% from the previous year, reflecting a modest recovery in IT-related investment atop ongoing recovery in corporate performance. Demand for the replacement of legacy systems ahead of future growth is rising, with expansion in systems integration and subsequent systems management outsourcing also projected.

Cloud-based services are also steadily becoming more widespread, and are partly responsible for market growth. Additionally, as new IT-based services that utilize big data emerge, the IT services market is widely expected to see modest but continued expansion.

INITIATIVES GOING FORWARD

Fujitsu will move this fiscal year from the structural reform phase executed through the previous term to a quest for new growth, including the pursuit of Human Centric Innovation. By merging the three key elements of "People, Information and Infrastructure," Fujitsu will enable customers to realize innovation. This can be seen in Fujitsu's powerful systems integration capabilities, as demonstrated by Fujitsu systems engineers, together with the creation of new value from information such as big data, the securing of information reliability, and high-quality servers, networks, datacenters, and upon this infrastructure, cloud-based

Explanations for underlined words can be found in the glossary on pages 160-162.

CUSTOMER SOLUTION PROFILE

METAWATER Co., Ltd.

Making Frontline Operations at Water Treatment Infrastructure More Efficient and Leveling Skills

METAWATER Co., Ltd. is a leading engineering company in the water and environment domain that holds a top share in mechanical and electrical machinery for drinking water and wastewater treatment infrastructure for local governments throughout Japan. The company's business domain also focuses on the design, manufacturer, installation, and operation and maintenance of facilities and equipment such as water purification and sewerage treatment plants.

METAWATER adopted the FUJITSU Software Interstage AR Processing Server since it has turned its attention toward using tablets and augmented reality (AR) to find solutions for combating the enormous cost and lack of experienced engineers that are expected to become obstacles when upgrading aging water and sewerage facilities across the country. Fujitsu's exclusively developed technologies have resulted in "AR markers" with high degrees of recognition, resilience against camera shake, and increased recognition speeds, all of which will raise frontline efficiency, the deciding factor in employing the system.

The newly introduced tablets and AR markers installed in workplaces enable engineers to identify areas and equipment requiring maintenance. Engineers can simply direct the tablet's camera toward an AR marker to view work methods, procedures, and notes relevant to an area or device overlaid on the tablet screen. Workplace observations or work information based on a technician's judgment can also be recorded using the tablets.

This system enables the work methods of seasoned engineers, backed by experience and feel for the job, to be collected, stored and linked to work areas as workplace images, footage and voice recordings through AR markers. Conventionally, seasoned engineers passed on their experience and expertise through such means as on-the-job training or paper manuals, but this system enables engineers to use the tablets at their workplace, which allows for an accurate technical transfer. The system also significantly reduces the time needed for training, and contributes to leveling skill standards. Using tablets to record highly detailed worker observations and work information based on technicians' judgments also promotes information sharing and increases the efficiency of work practices.

Looking toward the future, Fujitsu and METAWATER are working together and have launched verification tests to develop preventative maintenance methods employing failure symptom detectors by utilizing the analysis of operation data and big data from various types of sensors within water and sewerage facilities. Utilizing big data and wearable devices, such as head-mounted displays, can lead to upgraded and more efficient work performance.


Image: METAWATER Co., Ltd.

services. These are all part of the unparalleled comprehensive strengths that will drive Fujitsu's business.

In system products, specifically servers, Fujitsu will target sales growth by launching new mainframe computers and enhanced models of SPARC M10 UNIX servers. In x86 servers, by properly grasping which markets are growing and customer needs, Fujitsu will push ahead with capturing market share and promoting replacement of aged ICT assets. Fujitsu will also enhance efforts to expand sales in growth fields such as big data, cloud computing, and datacenters, viewing these as infrastructure supporting vertical integration models.

In network products, along with expansion in LTE coverage areas and the further deployment of base stations in line with increased throughput, the rollout of LTE-Advanced and 100Gbps packet-integrated optical systems is on the horizon. Fujitsu will push ahead firmly with business that can flexibly respond to increased network traffic as smartphones and other devices become mainstream. Fujitsu is also accelerating the development of SDN and NFV for greater network sophistication, with the goal of entering new business domains that utilize networks.

In services, Fujitsu is seeking to streamline existing application assets and accelerate the deployment of "modernization" services for switching over to extended-use frameworks. Furthermore, by offering a coordinating interface with flexible combinations of more than roughly 2,400 cloud services, Fujitsu has raised the bar on its cloud integration capabilities. Depending on a customer's unique circumstances, Fujitsu cloud integrators, possessing high-level expertise and skill, can optimize cloud services as needed to find solutions for customers.

By leveraging our outstanding ability to provide a vertically integrated structure—from highly dependable, high-performance platforms such as networks, servers, and datacenters to upper-layer applications—we will lead the domestic ICT market by proposing new ICT possibilities to customers and doing our utmost to respond to customer expectations.

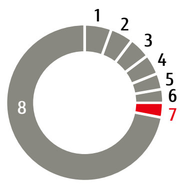
EMEIA Europe, the Middle East, India and Africa

MARKET DATA

Graph 01

SHARE OF 2013 IT SERVICES MARKET IN THE UK (REVENUE BASIS)

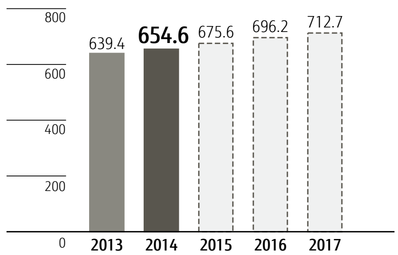
1	Company A	5.6%
2	Company B	4.8%
3	Company C	4.5%
4	Company D	4.2%
5	Company E	3.2%
6	Company F	3.0%
7	**Fujitsu**	**2.8%**
8	Others	72.0%



(Source: Gartner, "Market Share: IT Services, 2013" 31 March 2014)
* Chart created by Fujitsu based on Gartner data

Graph 02

IT MARKET FORECASTS (EMEA)

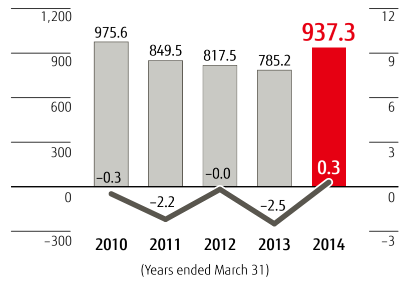


(Source: IDC, May 2014 "Worldwide Black Book Query Tool, Version 1, 2014")
(EMEA: Europe, the Middle East and Africa)

FUJITSU DATA

Graph 03

NET SALES* AND OPERATING INCOME MARGIN



Net sales (left scale)
Operating income margin (right scale)
* Including intersegment sales

MARKET TRENDS

Regarding economic trends in the EMEIA region, recovery in Germany is projected to remain on track, with domestic demand strong atop a robust employment and personal income environment, coupled with growth in exports. In France and Southern Europe, despite an emerging turnaround due to a brief pause in the region's worsening employment and personal income landscape, austerity measures and high unemployment are likely to constrain economic growth. In the UK, economic recovery continues apace, with rising share and home prices continuing to spur improvement in consumer sentiment. In the Nordic region, while economies are stagnant for now, gradual recovery in economic growth is anticipated. Graph 02

The forecast for the 2014 EMEIA IT market is year-on-year growth of 2.4%, roughly the same modest, but consistent, pace of 2.3% growth seen for 2013. The overall 2014 EMEIA IT services market is projected to grow by 2.9%—mild growth that is nonetheless on track to surpass growth of 1.2% in 2013. In the hardware market, while high-end servers will likely experience significant negative growth greater than the previous year, a substantial recovery in mid-range servers, along with a modest rebound expected in low-end servers, should partially counter this effect. Consequently, growth in the overall server market is projected to fall by 1.0%, compared to the decline of 6.7% in the previous year. In the storage market, while 2013 saw a year-on-year contraction of 3.3%, the forecast for 2014 is flat growth of 0.5%. In the PC market, the conventional PC market continued to contract. The market declined by 13.4% in 2013, and a year-on-year contraction of 5.1% is projected for 2014. Tablets and e-book readers will likely fall short of the 40.4% year-on-year growth recorded in 2013 but the market is still projected to grow year on year by 8.1% in 2014.

INITIATIVES GOING FORWARD

From fiscal 2014, Fujitsu will promote operations in the EMEIA region under four regional categories– Central Europe; Western Europe, the Middle East, India and Africa; UK and Ireland; and the Nordic region.

In Central Europe and Western Europe, the Middle East, India and Africa, from 2013 we enacted structural reforms in step with a workforce reduction of roughly 1,500 people, and had completed over 90% of this task as of March 31, 2014. In tandem with targeted early completion of structural reforms in 2014, Fujitsu is undertaking initiatives to stimulate growth. Specifically, Fujitsu will continue to increase its emphasis on services within its business portfolio, which is mainly centered on products at present. In addition to bolstering HR development in services and solutions, we are leveraging our new global matrix management structure announced in April 2014 (see p. 21) to promote utilization of a globally standardized solution and services framework in a bid to expand the services business and achieve greater profitability. In the products business, along with shifting to a mix of products that support the services business and offer even higher added value, we will deepen business ties with Japan in pursuit of greater efficiency in development and operations.

In the Middle East, we are building a stronger market presence via efforts launched last fiscal year to introduce

CUSTOMER SOLUTION PROFILE

Balfour Beatty plc

Improving Efficiency and Productivity with End-to-end Fujitsu Solutions

Balfour Beatty plc is a multinational infrastructure group with capabilities in professional services, construction services, support services, and infrastructure investments. It operates in over 80 countries and employs over 40,000 people, working for customers in the UK, the US, South-East Asia, Australia and the Middle East.

Over the past decade, Balfour Beatty has experienced rapid growth both organically and through acquisitions. It has come from a large number of operating companies, each with an autonomous Managing Director and its own functional infrastructure. In order to collaborate more effectively across the business, the company wanted to find a more integrated approach to IT.

Under the terms of a multi-million pound, five-year contract, Fujitsu is to host and manage the company's data in a shared storage environment, using a combination of physical and cloud-based virtual datacentres. It will also provide managed desktop services and support for 14,500 users in the UK, across approximately 450 permanent locations and 450 temporary sites – supported by Fujitsu hardware.

The project will improve efficiency, customer centricity, and growth – and is enabling the business and its customers to operate in a much more informed, flexible, and agile way. By rationalising the server estate, Balfour Beatty is also driving down costs and significantly reducing its energy consumption. In addition, the move to Fujitsu desktop services has enhanced user experience and helped resolve incidents more quickly, thus boosting productivity.

"Fujitsu has the global reach, the service capabilities and, equally importantly, was a great cultural fit with our company. It had a high degree of empathy and understanding of what we wanted to achieve and that made it the ideal collaborator on this project."
-Kevin Craven, CEO, Services, Balfour Beatty

environmental solutions, High Performance Computing (HPC), and other solutions originally developed in Japan.

In India, Fujitsu is seeking to broaden support functions in the country, viewing it as an offshore base for supporting customers around the world, including in Japan. Along with reinforcing Group competitiveness, this move aims to attract more local business.

In the UK and Ireland, public sector projects have historically comprised the bulk of Fujitsu business, dating back to business targeting central government departments and other government-sector projects by Fujitsu Services Holdings PLC's forerunner International Computers Limited (ICL). However, due primarily to budget reductions for government and public agencies, we are shifting focus to demand from the private sector. Going forward, we will target the IT security and financial sectors and financial institutions, aiming for expansion that optimally balances public and private sector demand.

In the Nordic region, last fiscal year we carried out structural reforms in Sweden that led to improved profitability. Looking ahead, in addition to continued support for overseas expansion by global corporate customers—highly represented in the region—in our key market of Finland, we will roll out proven solutions specifically for medium-sized companies, and will take steps to expand and grow business targeting the public sector market.

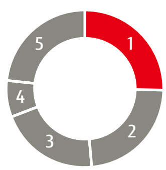
The Americas

MARKET DATA

Graph 01

NEXT-GENERATION METRO WDM MARKET SHARE IN NORTH AMERICA (REVENUE BASIS)

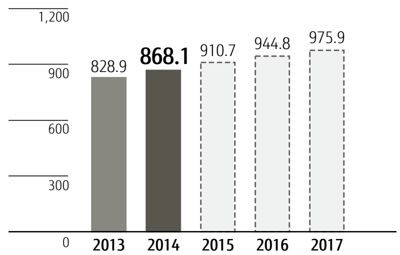
1	**Fujitsu**	**25.4%**
2	Company A	23.3%
3	Company B	20.7%
4	Company C	7.5%
5	Others	23.1%



(Source: Ovum, Market Share Spreadsheet & Analysis: 1Q14 Global ON, May 2014)

Graph 02

IT MARKET FORECASTS (THE AMERICAS)

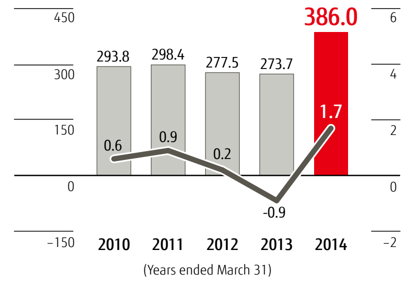


(Source: IDC, May 2014 "Worldwide Black Book Query Tool, Version 1, 2014")
(North and South America)

FUJITSU DATA

Graph 03

NET SALES* AND OPERATING INCOME MARGIN



Net sales (left scale)
Operating income margin (right scale)

* Including intersegment sales

MARKET TRENDS

Although rising interest rates accompanying a contraction in quantitative easing could potentially put downward pressure on the business climate, modest growth is projected for the US economy in 2014. Along with a rebound in consumer spending, the economy will likely benefit from an increasingly strong recovery emerging in the corporate sector, fueled by robust domestic demand, and a turnaround in overseas economies. Turning to South America, Brazil, which accounts for roughly half of the entire continent's economy, is expected to generate a certain level of special demand as it hosts the 2014 FIFA World Cup Brazil™ and Rio 2016 Olympic and Paralympic Games™. However, uncertainty continues to cloud the future of the Brazilian economy.

In a follow-up to firm year-on-year growth of 5.5% in 2013, the IT market in the Americas is projected to see year-on-year growth of 4.7% in 2014. The IT services market in North America is expected to post modest growth, led by emerging fields such as mobile and cloud computing, big data, and SNS. Growth is also projected for the IT services market in South America. Overall, the 2014 IT services market for the Americas is forecast to grow 3.1% from the previous year, continuing from the 2.7% year-on-year growth recorded for 2013. In the hardware market, it appears likely that negative growth in high-end servers will continue, whereas mid-range and low-end servers are expected to lead hardware expansion. Consequently, growth in the server market on the whole is projected to increase by 3.8%, recovering from a 2.5% decline in 2013. In the storage market, in a turnaround from a 1.2% decline in 2013, the forecast for 2014 is growth of 3.4%. In the PC market, while 2013 saw a minor decrease of 0.2% in the conventional PC market, that downturn is expected to grow to 4.6% for 2014. By contrast, expansion in the tablet and e-book reader market is forecast at 20.1%, surpassing year-on-year growth of 11.9% recorded in 2013. The North American optical transmission market, meanwhile, is expected to continue its steady expansion, following up growth of 10.9% in 2013 with year-on-year growth of 7.3% for 2014.

INITIATIVES GOING FORWARD

In the Americas, we are working to expand business scale and improve our market recognition with Fujitsu America at the core of business operations. In North America, we have made progress in establishing a foothold for our infrastructure services business due in large part to major outsourcing business deals won in recent years, coupled with our first Tier 3 datacenter in Canada. Along these lines, we will continue to focus on strengthening and expanding our infrastructure services business for all of North America. In the US, while we have been working to provide services tailored mainly to corporate customers through three regional datacenters, in May 2014, we added two new sites, one on each coast. To meet the needs of Japanese companies expanding into the Americas, we will offer Japan-quality outsourcing services, together with the installation of private cloud infrastructure, to deliver highly reliable ICT services to our customers.

In the applications business, we aim to expand business and improve earnings. To this end, we will work to boost private-sector demand, and in central and western Canada, heighten our sales capabilities with respect to powerful package solutions

Explanations for underlined words can be found in the glossary on pages 160-162.

CUSTOMER SOLUTION PROFILE

British Columbia Ministry of Education

British Columbia (B.C.) Ministry of Education's New Student Information Service to Play a Pivotal Role in the Transformation of Learning Empowered by Technology

Fujitsu has entered into a 12-year agreement, valued at 87.3 million Canadian dollars, with the B.C. Ministry of Education to implement MyEducation BC, a new student information service for schools in British Columbia, Canada, based on an innovative technology platform from the Follett Corporation. The agreement with the B.C. Ministry of Education includes Fujitsu setting up, customizing and managing Follett's Aspen Student Information Service software application and the delivery environment, including hosting the common enterprise-level student information service across British Columbia. Furthermore, Fujitsu will train teams at all participating school districts on how to implement and maintain the service.

The secure, Web-based service is accessible through all browsers including mobile devices, and offers parents and students the ability to monitor progress, communicate with teachers and school staff and, if needed, submit assignments online. Teachers can collaborate across and between school districts, share learning tools and materials, and communicate with parents and students on an ongoing basis. The implementation of MyEducation BC began in the spring of 2014.

This new service "improves the ability of B.C. parents and teachers to follow and support students' educational progress – from kindergarten through to graduation," said the Minister of Education, Peter Fassbender. The service will be used by school districts, schools, teachers, parents and students to manage course and teacher scheduling, create report cards, support personalized learning while providing a single student record that will follow the learner from kindergarten to 12th grade.

from companies such as SAP, Oracle, Salesforce.com, and Microsoft. At the same time, we will promote cost reductions through greater standardization and efficiency via business integration and process improvement in the US and Canada.

In the platform products business, we will take steps to expand sales across the range of our products by assigning full-time server and storage staff to bolster sales capacity, and by continuing to utilize channel sales and promote cross-selling. In retail and distribution solutions, in order to flexibly and quickly meet customer demands, last year we developed an integrated software manufacturing-sales structure for self check-out systems, and released at the end of last year a software solution for point of sales (POS) products. We are currently planning for the introduction of next-generation POS, and strengthening our lineup.

In South America, Brazil has traditionally been the main market for our product sales and support businesses. Going forward, together with cultivating customers and expanding our customer base through the penetration of Fujitsu products in other mission critical fields, we will focus on growing our new portfolio of offerings, led by cloud services. Furthermore, we intend to open new branches in other countries in Central and South America in a bid to expand our overall footprint in the region.

In North America's optical transmission systems market, the latest round of investment by communications carriers in the US-wide rollout of LTE network services has ended, but active investment is emerging in 100 Gbps optical transmission and the integration of optical transmission and packet processing as networks prepare for the shift to "All IP." Here, we will grow business by expanding sales of Fujitsu's 100 Gbps packet-integrated optical systems, made possible by our technological strengths in advanced fields.

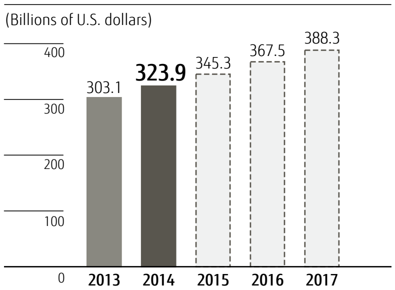
ASIA

* Asia: Excludes Japan

MARKET DATA

Graph 01

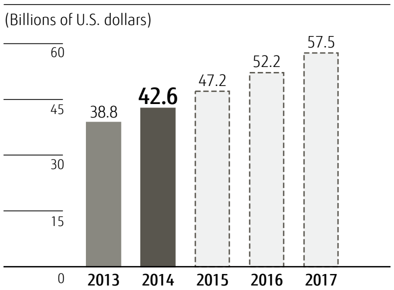
IT MARKET FORECASTS (ASIA)



(Source: IDC, May 2014 "Worldwide Black Book Query Tool, Version 1, 2014")
(Asia: Excludes Japan)

Graph 02

IT SERVICE MARKET FORECASTS (ASIA)



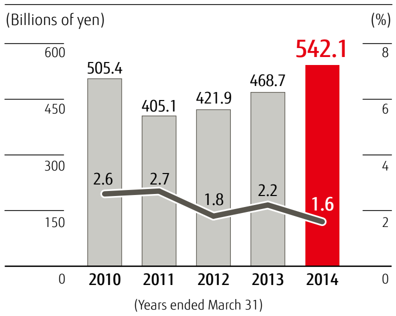
(Source: IDC, May 2014 "Worldwide Black Book Query Tool, Version 1, 2014")
(Asia: Excludes Japan)

* Market data includes the following countries.
China/Hong Kong/Indonesia/Korea/Malaysia/Philippines/Singapore/Taiwan/Thailand/Vietnam

FUJITSU DATA

Graph 03

NET SALES* AND OPERATING INCOME MARGIN



Net sales (left scale)
Operating income margin (right scale)

* Sales, operating income margin for APAC and China, not all of Asia

MARKET TRENDS

Across Asia in 2014, economic trends point to growth beyond 2013 in most countries and areas, owing to a recovery in demand both in and outside the region. In external demand, an improvement in exports is anticipated due to ongoing recovery in the developed economies of the US and Europe. Similarly, demand within the region is set to mark moderate expansion overall. Likely drivers of this expansion are increased consumption, led by higher personal income and a growing middle class, corporate investment against a backdrop of anticipated acceleration in the pace of economic recovery and economic integration across Asia, and efforts to develop infrastructure.

The 2014 Asia IT market is expected to grow by 6.9% year on year, continuing from the firm 6.1% growth recorded in 2013. For the same period, the 2014 IT services market is projected to increase 9.8%, surpassing the strong 7.8% growth of the previous year. For the 2014 server market, while the market for high-end and midrange servers will continue to contract year on year, overall market expansion is anticipated, mainly atop the performance of the low-end server market. Consequently, the overall server market is projected to grow by 4.8% year on year, surpassing the 1.8% growth of 2013. Similarly, growth in the storage market is expected to accelerate to 6.9% over 2013, which saw modest 2.5% growth over the previous year. In PCs, the market for conventional PCs will continue to contract in 2014, as was the case in 2013. In the tablet and e-book reader market, while the pace of growth is likely to slow, continued market growth is projected for 2014. As a result, the overall PC market is expected to contract slightly by 1.4% in 2014, following a 2.9% decline in 2013.

INITIATIVES GOING FORWARD

Asia is home to a diverse range of countries that differ in many ways, including economic scale, culture, language, and religious practice. To address and solve the issues these countries face through ICT, Fujitsu focuses on each individual country, maximizing the insights and experience gained in Japan and other regions, and applies human resources and solutions to contribute to highly specialized fields, such as water management, the environment, healthcare, transportation, and cultural preservation.

The following are specific initiatives by Fujitsu in each region.

In China, the primary focus of Fujitsu business was previously Japan-originated companies (JOCs) with a local presence. In addition to these customers, the goal now is to expand business to customers in the government and public sectors, as well as local companies. In the government and public sectors, Fujitsu will help China solve pressing social problems by providing solutions honed in Japan to address issues with regard to the environment, transportation, and cultural preservation, including the archiving of ancient manuscripts. For local companies, Fujitsu will offer technology that helps make customers' businesses and products more competitive. Fujitsu will also aggressively respond to and expand business deals with customers from Germany, Taiwan, South Korea, and other countries looking to establish operations in China.

In South Korea, along with aiming to win more large-scale business deals that leverage Fujitsu's strengths in solutions for distribution and healthcare, we plan to expand sales in the Japan-originated solutions business, which has strong affinity

Explanations for underlined words can be found in the glossary on pages 160-162.

CUSTOMER SOLUTION PROFILE

DKI Jakarta Regional Disaster Management Agency

Leveraging Experience from Japan to Provide Disaster Information Management Solutions in Indonesia

Like Japan, Indonesia experiences frequent natural disasters including earthquakes, tsunamis, and floods. In Jakarta, regular flooding almost every year affects many people and impacts the local economy.

The manual disaster information management system at Jakarta's Regional Disaster Management Agency, BPBD DKI Jakarta, was unable to provide fast and accurate disaster mitigation and information, requiring five to seven days to gather critical information, and causing deployment delays at BPBD stations and headquarters. In addition, BPBD's online portal was often disabled due to overloaded server capacity, preventing citizens from accessing accurate information about disasters in real-time. BPBD DKI Jakarta therefore required an effective integrated disaster management system to manage regular flooding and other disaster issues in the region.

Fujitsu proposed its DIMS application as a solution. DIMS is an integrated system of hardware and software designed to accelerate the management of information during the disaster mitigation process. It combines Fujitsu's accumulated experience and knowledge of disaster mitigation systems used in Japan. The system's main functions are to transmit early warnings, make collection and provision of information more efficient, and assist swift decision making.

Fujitsu also developed BPBD's web portal to improve information dissemination and eliminate access issues, and will provide consultancy and support services, including high-speed response on technical support related to system and hardware maintenance.

DIMS has improved BPBD's response time significantly. BPBD is now able to provide more detailed information needed by other agencies in real-time and with high accuracy. As a result, coordination in the whole disaster mitigation process has become more effective and efficient.

"DIMS has helped BPBD DKI Jakarta in accelerating information management during the disaster mitigation process, particularly during the severe flooding that hits DKI Jakarta. Fujitsu's experience in providing DIMS for disaster management in Japan is a guarantee for us to implement a similar system in mitigating disaster in DKI Jakarta Province," notes Edy Junaedi, Head of Informatics and Controlling Division at BPBD DKI Jakarta.


Edy Junaedi, Head of Informatics and Controlling Division, DKI Jakarta Regional Disaster Management Agency

with South Korea. In the hardware business, Fujitsu will strengthen channel sales, and in addition to x86 servers and storage, will make concerted efforts, continuing from last year, to expand sales of the SPARC M10 UNIX server.

In the ASEAN region, Fujitsu has continued to record increased earnings in recent years, and efforts to build its business structure are ongoing. Looking forward, Fujitsu aims for sustained business growth by enhancing and expanding its solutions and services business, which have potential for growth in the region. As specific measures, Fujitsu will deploy highly specialized human resources to strategic fields such as healthcare, distribution, and social infrastructure, as well as business domains that can be expected to grow, such as cloud computing and datacenter businesses. With plans to focus on expansion of new businesses and new business deals, Fujitsu is aggressively investing to this end. In the hardware business, Fujitsu is strengthening its channel sales, and will focus on sales growth, particularly in the countries of Indonesia and Malaysia.

In the Asian region, Fujitsu's growth is expected to surpass that of the market. With acquisitions and other large-scale investments on the horizon, Fujitsu will aggressively move forward with business expansion.

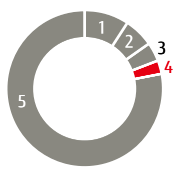
Oceania

MARKET DATA

Graph 01

SHARE OF 2013 IT SERVICES MARKET IN OCEANIA

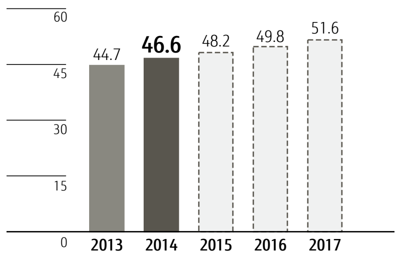
1	Company A	9.2%
2	Company B	6.1%
3	Company C	4.1%
4	**Fujitsu**	**2.8%**
5	Others	77.9%



(Source: Gartner, "Market Share: IT Services, 2013" 31 March 2014)
(Oceania: Australia, New Zealand)
* Chart created by Fujitsu based on Gartner data

Graph 02

IT MARKET FORECASTS (OCEANIA)

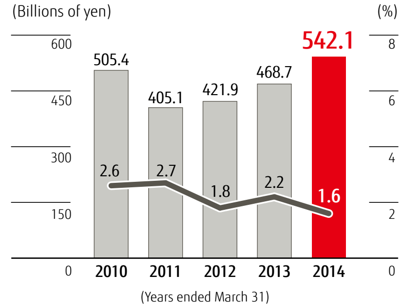


(Source: IDC, May 2014 "Worldwide Black Book Query Tool, Version 1, 2014")
(Oceania: Australia, New Zealand)

FUJITSU DATA

Graph 03

NET SALES* AND OPERATING INCOME MARGIN



Net sales (left scale)
Operating income margin (right scale)
* Including intersegment sales

MARKET TRENDS

The Australian economy is projected to recover modestly in 2014. In China, the main market for Australian exports, economic growth is likely to continue, if at a slower pace. This trend, coupled with an expected economic recovery in the US, Europe, and other developed countries and regions, depreciation of the Australian dollar, and other factors, is projected to spur export growth in Australia's stagnant manufacturing industry. The resurgence in exports is forecast to speed growth in consumer spending by sparking improvement in the country's employment and personal income landscape. In New Zealand, domestic and overseas demand is brisk. Rising personal income levels spurred by higher prices for dairy products, the country's main export, and demand stemming from earthquake disaster recovery efforts are leading to falling unemployment rates and growth in consumer spending. Consequently, economic trends in New Zealand are expected to hold firm in 2014. Graph 02

The IT market in the Oceania region is expected to grow by 4.4% year on year in 2014, compared to largely flat growth of 0.2% in 2013. In a follow-up to modest 1.2% year-on-year growth in 2013, the IT services market in 2014 is set to post stable growth of 2.2%. Turning to the hardware market, 2014 should see a rebound centered on mid-range servers despite the server market in 2013 having witnessed sharp declines across all categories, from high-end to low-end servers. Consequently, the overall server market is projected to see a dramatic turnaround, from a decline of 17.9% in 2013, to year-on-year growth of 11.5% in 2014. Similarly, the storage market, which contracted 8.5% from the previous year in 2013, should mark growth of 4.8% in 2014. As for the PC market, while forecasts continue to project significant growth in the market for tablets and e-book readers, the conventional PC market will remain stagnant, likely leading to a slight year-on-year decline of 1.1% for the overall market.

INITIATIVES GOING FORWARD

In the Oceania region, Fujitsu is pursuing business development centered on managed services, SI/applications, and platforms, with Australia and New Zealand as key service markets.

Since 2010, we have moved to strengthen and expand managed services in Australia. In addition to new datacenters in the west coast city of Perth and in western Sydney, efforts have included the expansion of Fujitsu's Melbourne datacenter in 2012. Going forward, we remain committed to securing stable earnings through further expansion of our mainstay managed services business. Actions to this end will include investment for expansion of Fujitsu's datacenters outside of Sydney to better meet customer demand.

In SI/applications, as competition intensifies, we will train and reassign staff to improve sales force quality and boost efficiency through offshore utilization to sharpen our own competitiveness. We are also strengthening coordination among project management, assurance functions and other regions, and promoting measures designed to boost Fujitsu's market share in new solutions such as cloud services, virtual client services (VCS), and mobility.

Explanations for underlined words can be found in the glossary on pages 160-162.

CUSTOMER SOLUTION PROFILE

Meridian Energy

Joining the Top 6% in Fujitsu's Global ICT Sustainability Benchmark

Meridian Energy is New Zealand's largest generator of renewable energy. It also retails power nationwide and generates approximately 30% of the country's electricity. Meridian owns and operates seven hydro power stations, one wind farm in the South Island, and three wind farms in the North Island.

Fujitsu has had a long-standing relationship with Meridian Energy and has worked closely with the company on sustainability initiatives, as well as a significant relationship for the delivery of critical ICT services.

Sustainability is a high priority for Meridian, and the company is continually looking for ways in which it can maintain its leadership position as one of New Zealand's most sustainable companies. Having already achieved significant energy efficiency savings across its business, the company was faced with the challenge of improving its sustainability performance even further.

The Fujitsu Consulting Sustainability team conducted an ICT sustainability assessment and developed a detailed strategy on how to achieve best practice in sustainable IT. Using knowledge from global benchmarking reports, Fujitsu's consultants were able to benchmark Meridian against similar companies across the world. Working with Fujitsu, Meridian implemented a number of initiatives to improve its position in relation to the global benchmark. A further benchmark assessment in August 2013 gave Meridian a score of 81.1, which places it in the top six percent of companies worldwide in Fujitsu's Global ICT Sustainability Benchmark.

Fujitsu also plays an important role in the operation of Meridian's ICT service delivery including service desk, end-user support, server support, storage and backup, database management, networks, voice communications, and project and procurement services.

Through initiatives such as partnering workshops, Fujitsu and Meridian have developed a shared vision for Meridian's ICT service delivery along with a regular partnering review for the future. Fujitsu is committed to working closely with Meridian to help drive successful business outcomes through continued provision of high levels of service.

In the platform business, we will enhance network and maintenance product-related services, increasing added value to highlight the general appeal of the Fujitsu brand. More than ever, we are determined to set Fujitsu apart by achieving higher customer satisfaction. Together with renewing existing large-scale business deals and winning new ones, we will work to maintain and improve our market share through a better balance of public and private sector business in both Australia and New Zealand.

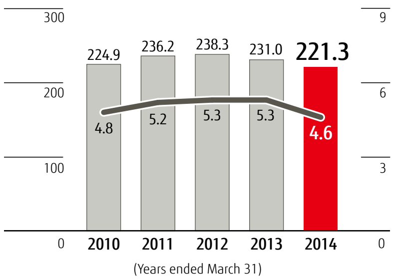
RESEARCH & DEVELOPMENT

Our Mission in R&D

As our fundamental R&D policy, we pursue initiatives to create new value for our customers and to achieve our Corporate Vision of contributing to the creation of a networked society that is fulfilling and secure, bringing about a prosperous and dream-inspiring future. In order to achieve these initiatives, our R&D of advanced technologies includes technologies for next-generation solutions and services to systems, networks, devices, and advanced materials which serve as building blocks for our products and services.

- **Create and accumulate advanced technologies**
- **Extend our value chain globally**
- **Foster the creation of new businesses**
- **Fulfill our social responsibilities**

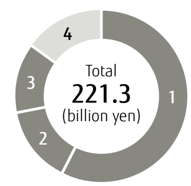
R&D EXPENDITURE, AND RATIO TO NET SALES



R&D expenditure (left scale)
Ratio to net sales (right scale)

R&D EXPENDITURE BY SEGMENT

1	Technology Solutions	57.5%
2	Ubiquitous Solutions	14.6%
3	Device Solutions	13.0%
4	Other Operations/ Elimination and Corporate	14.8%



(Fiscal 2013)

Major Advanced R&D Achievements for Fiscal 2013 (April 2013-March 2014)

As steps toward making the Human Centric Intelligent Society a reality, Fujitsu employed three approaches in R&D for advanced technology: support for human decision-making and action through ICT, knowledge creation by leveraging information, and optimized linkage of people, things and social infrastructure.

(1) User Interface Technology Enabling Seamless and Unobtrusive Connections between Operations and Services in Real-World ICT Devices

By leveraging intuitive and simple operation, Fujitsu developed field-support technologies to enable greater efficiencies in on-site tasks and operations outside of office environments, in the form of a glove-style wearable device that enables display of workflow and other data when worn, and is triggered by contact with objects, featured with a world's first, next-generation user interface that enables 3D space-based touch operation by using an ordinary webcam for high-resolution, high-speed detection of fingertip position.

Refer to our related Press Releases for more information:
http://www.fujitsu.com/global/about/resources/news/press-releases/2014/0218-01.html
http://www.fujitsu.com/global/about/resources/news/press-releases/2013/0403-01.html

Fujitsu also developed technology for realizing interfaces that fully engage the human senses, including the industry's first haptic (tactile) sensory touchscreen that uses ultrasonic vibrations to alter friction between the finger and touchscreen surface, enabling the user to feel tactile sensations such as smooth and rough textures. Also developed was an innovative service featuring a diverse array of voices and tones that can be flexibly leveraged to convey information with ease and clarity, through a rich repertoire of expressive voice options.

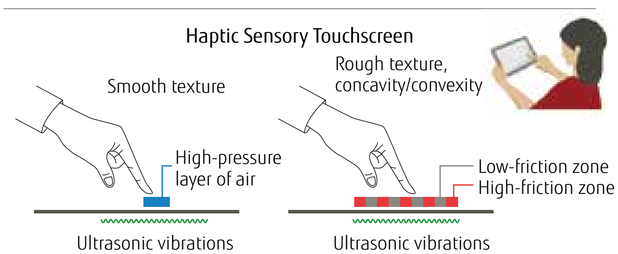
Refer to our related Press Releases for more information:
http://www.fujitsu.com/global/about/resources/news/press-releases/2014/0224-01.html
http://www.fujitsu.com/global/about/resources/news/press-releases/2014/0331-01.html

Glove-Style Wearable Device

Data manipulation by touching objects or gesture-based input

Next-Generation User Interface

Haptic Sensory Touchscreen

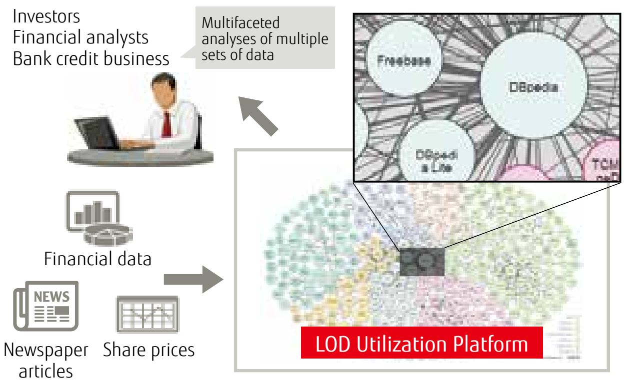


Explanations for underlined words can be found in the glossary on pages 160-162.

(2) Technology for Automatic Linkage, Utilization, and Leverage of Massive and Diverse Individual Data Sets Dispersed Worldwide

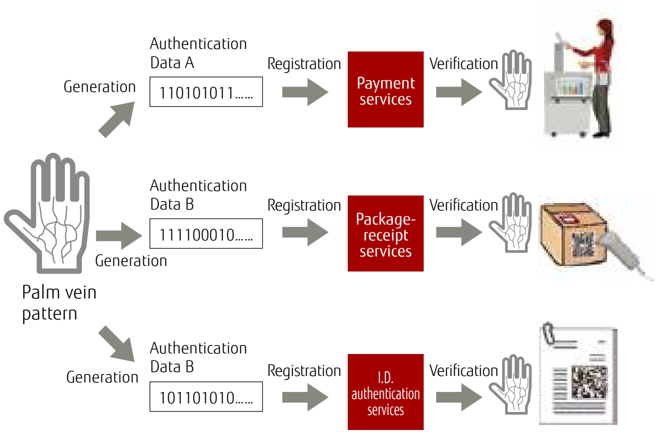
Linked Open Data (LOD), or data that is linked and merged with other related information, is being more widely released globally. In partnership with the Ireland-based INSIGHT Centre for Data Analytics, which has some of the best technology in the field, as a world's first, Fujitsu co-developed a platform that collects and stores LOD, and allows for high-speed, single-batch search of a multitude of interrelated information that exist as globally-dispersed individual data sets. For example, using data publicly released as LOD, such as basic corporate data (business sector, number of employees, etc.), financial data (net sales, profits, and so on), as well as share price, and other relevant data, the platform enables instantaneous multifaceted analysis of corporate performance. Fujitsu has released a free-of-charge cloud-based search service for this LOD utilization platform. The platform will also become an integrated part of Fujitsu's data utilization business, to realize new data amalgamation services in a variety of fields.

Refer to our related Press Release for more information:
http://www.fujitsu.com/global/about/resources/news/press-releases/2014/0116-01.html



(3) Security Technology Essential for Secure and Safe Data Utilization

Services of all kinds must have mechanisms in place to safeguard privacy to permit the utilization of a variety of diverse data.



Fujitsu developed technology that enables high-speed statistical processing and searching of such data while encrypted. This breakthrough makes it possible to utilize with a greater sense of security highly private data, such as DNA, and other biological and medical personal data, and educational records. In biometric authentication technology, Fujitsu developed technology that allows for the generation of different types of authentication data based on palm vein images, which can be varied for various separate services. In the unlikely event that registered data is leaked in one service, users can re-register with no impact on other services, enabling uninterrupted use of services with peace of mind.

Refer to our related Press Releases for more information:
http://www.fujitsu.com/global/about/resources/news/press-releases/2014/0115-01.html
http://www.fujitsu.com/global/about/resources/news/press-releases/2013/0828-01.html

(4) Technology for Realizing Continuous Optimization through Dynamic Compositional Change of ICT Infrastructure

The relentless rise in network-connected sensors and mobile devices has triggered explosive growth in transmitted data volume, resulting in an emerging issue as to how to address the sharp increase in communications data traffic and the shift to high-capacity servers. Fujitsu has developed distributed service platform technology that, in response to changes in service parameters, utilizes cloud-based processing and automatic allocation of data chunks to intermediate servers on wide-area networks. This optimal allocation reduces communications data traffic to roughly 1/100th in size, allowing for dramatic improvement in response time.

Additionally, through high-speed interconnection of pooled CPUs, memory, and storage, as a world's first, Fujitsu developed technology that in approximately 10 minutes, can provide clients with a server setup tailored to their needs. These achievements will ultimately make it possible to efficiently utilize ICT resources in response to application load.

Refer to our related Press Releases for more information:
http://www.fujitsu.com/global/about/resources/news/press-releases/2014/0314-01.html
http://www.fujitsu.com/global/about/resources/news/press-releases/2013/0704-01.html

(5) Platform Technology Supporting On-Site Product Prototyping and Development

For higher performance in next-generation servers and supercomputers, Fujitsu developed clock distribution technology that cuts power consumption by 20% in high-speed data communication circuits between CPUs. This technology will be applied to interfaces between server boards, the building blocks of servers.

To further expand the range of fields of application for supercomputers, Fujitsu developed the world's first commercial magnetic simulation software technology, that enables large-scale micromagnetic simulations to analyze microstructures of magnetic materials, which had been difficult to achieve in the past. This innovation has made it possible to analyze microstructures of magnetic substances in ways not possible with earlier computational approaches.

Refer to our related Press Releases for more information:
http://www.fujitsu.com/global/about/resources/news/press-releases/2013/0614-02.html
http://www.fujitsu.com/global/about/resources/news/press-releases/2013/1210-01.html

AWARDS AND PRIZES

Commendation for Science and Technology by Japan's Minister of Education, Culture, Sports, Science and Technology with Prizes for Science and Technology, and the 60th Okochi Memorial Technology Award of Japan

Five members of the Fujitsu Group were honored by Japan's Minister of Education, Culture, Sports, Science and Technology, who awarded them with Fiscal 2014 Commendations for Science and Technology with Prizes for Science and Technology (Development Category), for the "Development of Volume Production Technology for High-Density Ferroelectric Random Access Memory (FRAM)." Five members of the Fujitsu Group were also awarded the 60th Okochi Memorial Technology Award of Japan, and were recognized for their development of technology to suppress ferroelectric deterioration during semiconductor manufacturing processes, which resulted in realization of the world's first volume production of Ferroelectric Random Access Memory (FRAM).

Contribution Prize in the 46th Ichimura Industrial Awards of Japan

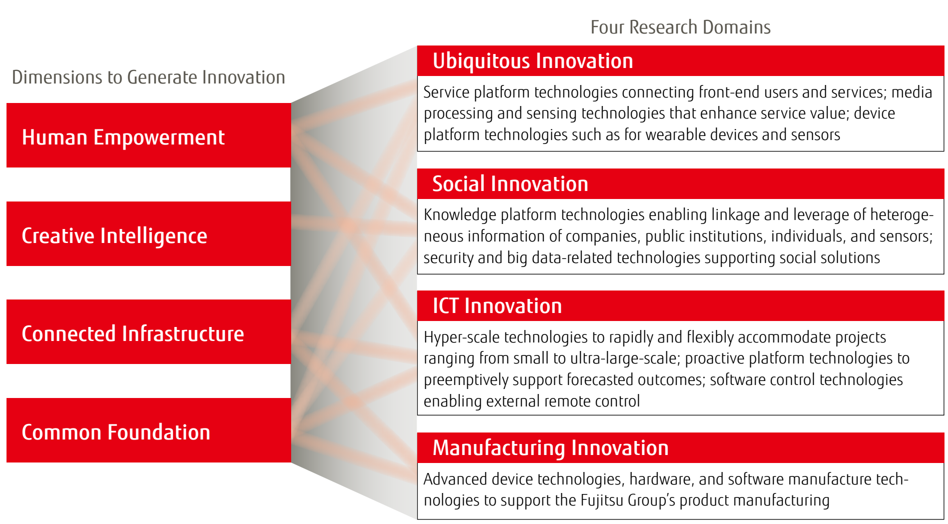
Three members of the Fujitsu Group were awarded the Contribution Prize for the "Application of a Wraparound-View 3D Monitor Technology for Driver Safety and Peace of Mind" at the 46th Ichimura Industrial Awards of Japan, sponsored by the New Technology Development Foundation, Japan. Using 3D graphics processing technology, this innovative approach leverages video from four vehicle-mounted cameras to give drivers a wide-area, 360-degree omniview both immediately around and beyond their vehicles. Fujitsu was recognized for commercialization of this wraparound-view 3D monitor technology, which integrates video from different angles for an all-inclusive 3D display, flexibly giving drivers a smooth and expansive field of vision.

Advanced R&D Strategic Direction in Fiscal 2014 (April 2014 –March 2015)

With an eye toward the future of the Fujitsu Group, and to enhance resource shifts in response to changes in its business portfolio, Fujitsu has classified its framework for advanced R&D into the following three categories, and will employ a top-down approach to setting research themes and conduct strategic research investment.

1. Research for Near-Term Commercialization Themes: Research directly linked to business with a clearly-defined commercialization plan
2. Advanced Research Themes: Research that will create new business, or expand or enhance the competitiveness of existing business
3. Seeds-Oriented Research Themes: Revolutionary innovative technologies driven by our research laboratories' perceptions

Striving toward the realization of the Fujitsu Group's vision of a "Human Centric Intelligent Society," we have set out three dimensions of the Fujitsu Technology and Service Vision, and four corresponding research domains with which they share a common foundation, to drive cutting-edge Fujitsu technologies to generate innovation.



The Story Behind the Development of the "Akisai" Food and Agriculture Cloud Service

Leveraging ICT Linking Agriculture and Food to Create an Open-Ended Value Chain

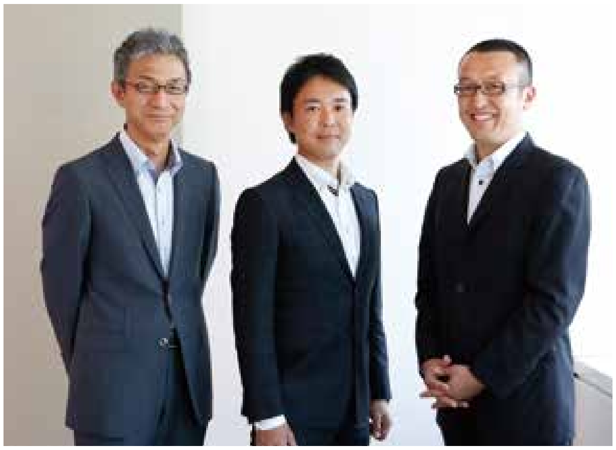
The act of withdrawing cash from a bank changed from a task performed by tellers to one done at the ATM in next to no time. A similar paradigm shift is now happening in agriculture. In October 2012, Fujitsu launched a food and agriculture cloud service called "Akisai." This revolutionary cloud service positions ICT utilization at production sites as the starting point for a value chain that links distribution, regions and consumers. So profound is this change that there may come a day when people view 2012 as the year that agriculture underwent a major transformation.

Development while Experiencing Agriculture at Ten Locations across Japan

At Fujitsu, we want to spark innovation and create new value by using ICT to address important societal issues. We were convinced that if a dramatic jump in efficiency could occur in agriculture, a sector where ICT utilization had made little headway, this could lead to a future with even greater food abundance. This was the impetus behind development of the Akisai food and agriculture cloud service.

ICT trial experiments were initiated three years prior to the start of the service. With the cooperation of nationwide agricultural production companies and others at 10 locations across Japan, we continued to develop the service while actively experiencing real agricultural work on the ground. The process in many ways resembled our experience of developing clerical operations systems for the financial and distribution sectors for the first time. We took full advantage of a method deeply embedded in Fujitsu's DNA—learn everything possible on the ground, analyze it, then give it a tangible shape.

Developed in this way, Akisai not only visualizes the production process, but also comprehensively supports management, production, and sales across the entire spectrum of agriculture management. The service also provides supply and demand adjustment and quality control processes for food processing, wholesale, retail, restaurants, and other food-related enterprises.



Senior Vice President, Innovative Business Develop Vice President, Social Innovative Business Div.
Takeshi Sudo

Social Innovative Business Div. Akisai Business Department
Kouji Watanabe Naoki Sakiyama

In-house Farm Management in the Challenge to Unlock the Potential of Food and Agriculture

Farmers and their service instructors put smartphones and tablets to use in farm management on a daily basis. Farmers take pictures and fill in production logs with a few simple steps, completing the initial phase of the work. Next, the instructor assesses and runs simulations on growth conditions and other data from the logs, then provides advice on farm management. The transformation of once largely hidden knowledge of farming methods into formalized knowledge has enabled process optimization and stabilized production.

Fujitsu continues to leverage Akisai to put agriculture into practice at our Aizuwakamatsu and Numazu plants. At the Aizuwakamatsu Plant, we converted a semiconductor clean room into a production site for low-potassium leaf lettuce for patients with chronic kidney disease. Cultivation data collected is the basis for efforts to boost productivity, realizing efficient agriculture management that also encompasses coordination of distribution and sales.

For Fujitsu, Akisai is the starting point to attain our goal of transforming Japanese agriculture into an enterprise offering even higher added value. Our continuing drive to meet this challenge will usher in a new future for agriculture.

Social Innovation to Energize Japan

As of January 2014, some 160 companies were active Akisai users. Many local governments across Japan are also asking to use Akisai in the branding of their own local agricultural specialties. If practical farming knowhow can be harnessed to mass produce local specialties, this will drive forward the shift to an integration of primary, secondary, and tertiary industries promoted by the Japanese government, and make possible the creation of new employment opportunities and industries. Inquiries have also been pouring in from agricultural colleges and high schools hoping to incorporate ICT-based farm management and administration into their respective curriculums. Akisai is expected to serve as an important trigger in helping ICT agriculture gain a solid foothold in Japan.

Japanese agriculture, known for its production of delicious, high-quality agricultural goods, has enormous hidden potential, and we think it is possible to redefine each relevant business model through ICT. Stay tuned for the innovation in food and agriculture that is sure to follow.

INTELLECTUAL PROPERTY

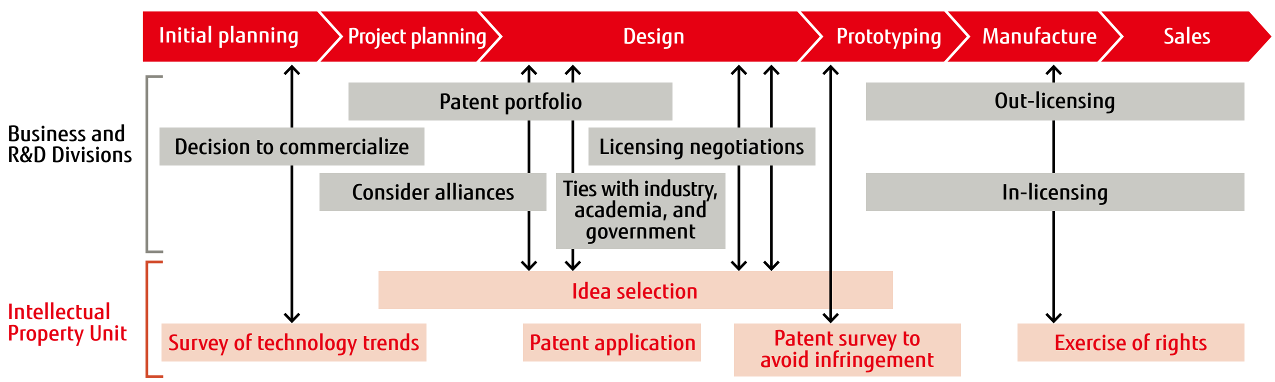
The Importance of Intellectual Property

Protecting and respecting intellectual property is part of the Code of Conduct in the Fujitsu Way, which articulates the philosophy of the Fujitsu Group and the core values and principles guiding the actions of each of its employees. Accordingly, every employee recognizes intellectual property as a key corporate asset supporting business activities. Moreover, Fujitsu employees are acutely aware of the role that technologies backed by intellectual property play in enabling customers to rely with confidence on the products and services we deliver.

Intellectual Property Strategy

Fujitsu promotes an intellectual property strategy closely integrated with its business, R&D, and standards strategies.
Intellectual property supports R&D-derived creations such as technology and ensures Fujitsu's competitive advantage and greater latitude in business by working with standards activities. We are positively utilizing intellectual property through licensing activities, etc., which contribute to business earnings.

LINKING BUSINESS AND R&D DIVISIONS



Group-Wide Initiatives

We are developing a framework to strengthen Group-wide intellectual property activities to enable the entire Group to leverage our intellectual property assets. Some issues require coordinated action among the global bases in the Group. Here, we use regular meetings among Group companies to share information as well as promote specific measures. In this way, we foster a unified approach to intellectual property activities.

1. Patent Rights

Patent rights support technological strength. Recognizing these rights as an important corporate asset, we are developing a global patent portfolio centered on patents in Japan.

We ensure that the acquisition, maintenance, and utilization of patents are carried out in keeping with the Fujitsu Group's global business development strategy. We therefore acquire, maintain, and utilize the patents we need in the countries (regions) where they are needed, to support the operation of our R&D, production, and sales bases. In particular, Fujitsu stations Group representatives in China in efforts to ensure that all the results, namely the inventions, generated by local R&D facilities lead to patent applications. Furthermore, in the U.S., the Fujitsu Patent Center established in 2008 to improve our ability to acquire patent rights is expanding its activities to raise the quality of our patents.

High-Dimensional Supercomputer Interconnect Technology

Fujitsu's supercomputer PRIMEHPC FX10 is a massively parallel computer system connecting up to several tens of thousands of nodes, with each node connected in a configuration called a high-dimensional torus (see the following figure).

This structure enables fine compartmentalization at any arbitrarily selected point without requiring use of special switches. It also has the added effect of being able to continue computing during node failures by making slight detours on circuits.

This technology was highly applauded outside of the Company, being awarded the fiscal 2014 Imperial Invention Prize by the Japan Institute of Invention and Innovation, having already received the fiscal 2011 Contribution Prize of the Ichimura Prizes in Industry from the New Technology Development Foundation.

Fujitsu supercomputers employing this technology are being used for research such as life sciences, medicine, and drug discovery, and creation of new materials and energy.


High-dimensional torus interconnect structure

Explanations for underlined words can be found in the glossary on pages 160-162.

2. Exploitation of IP

Fujitsu preserves the competitive advantage of its businesses by providing differentiated products and services which are protected by prominent technologies and IP. IP also helps to preserve greater latitude in business by enabling Fujitsu to establish more advantageous terms when partnering with other companies. Furthermore, exploitation of IP rights helps to preserve business earnings through licensing and other activities. One example of such utilization is cross-licensing, which is an essential tool for securing greater latitude in business. Fujitsu enters cross-licensing agreements with a host of companies. A sample of major cross-licensees would include Intel, International Business Machines (IBM), Alcatel-Lucent USA, Texas Instruments, and Microsoft.

3. Global Standards Activities

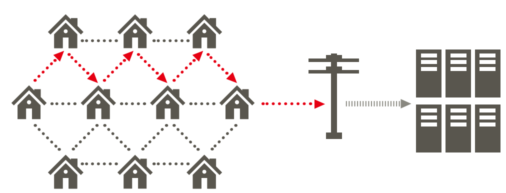
In order to succeed under swiftly shifting competitive environments of technology and market, it is important to create global standards instead of only understanding global trends of, and merely using, global standards. Being aware of this and recognizing the need for each division to align its business strategies with standardization activities, Fujitsu is actively contributing to international standardization through participation in the Standards Development Organizations (SDOs), such as ISO, IEC, ITU, IEEE, 3GPP, OASIS, OMG, DMTF, and other major global SDOs.

Global Standards for Smart Grids

Smart grids are the next-generation power grids capable of appropriately controlling flows of power supply and demand. International standardization of measurement and control technologies for power demand and supply is playing an important role in the creation and acquisition of global markets.

Regarding measurement technologies, Fujitsu developed WisReed, an advanced ad-hoc network technology capable of maintaining stable communications under a variety of environments, and the proposed specification has been approved by IETF, an Internet technology standardization organization. In control technologies, Fujitsu contributed to specifying the OpenADR2.0b, the newest specification developed by OpenADR Alliance. Also, Fujitsu's power supply and demand response systems complying with this standard acquired the world's first OpenADR 2.0b certificate.

A smart grid, the next-generation power grid



4. Respecting Third Parties' Rights

Infringing upon the rights of third parties could have a major financial impact on our Company, including having to pay significant compensation and the loss of business opportunities. In addition, it could prevent us from providing products and services, thereby severely inconveniencing our customers. We are fostering a culture at Fujitsu that respects the patent rights of other companies, as well as creating an environment that allows all our engineers to utilize the ATMS/IR.net system* to efficiently and effectively research patents held by other companies.

* An ASP-based service which searches laid-open patent applications and prosecution history data provided by the Japan Patent Office.

PATENTS ISSUED IN JAPAN IN 2013

1	Panasonic Corporation	7,123
2	TOYOTA MOTOR CORPORATION	5,586
3	Canon Inc.	5,582
4	Mitsubishi Electric Corporation	4,963
5	TOSHIBA CORPORATION	4,623
6	Honda Motor Co., Ltd.	3,637
7	**FUJITSU LIMITED**	**3,483**
8	Ricoh Company, Ltd.	3,292
9	NEC Corporation	2,940
10	Sharp Corporation	2,871
11	DENSO CORPORATION	2,826
12	Hitachi, Ltd.	2,607
13	FUJIFILM Corporation	2,553
14	Seiko Epson Corporation	2,370
15	NISSAN MOTOR CO.,LTD.	2,037
16	KYOCERA Corporation	1,860
17	Nippon Telegraph and Telephone Corporation	1,800
18	Sony Corporation	1,787
19	Dai Nippon Printing Co., Ltd.	1,721
20	Fuji Xerox Co., Ltd.	1,445

Fujitsu survey based on Japan Patent Office data (number of issued patents).
The number of patents granted to Fujitsu Group companies other than Fujitsu Limited was 1,645 (20 companies).
Total Fujitsu Group patents: 5,128

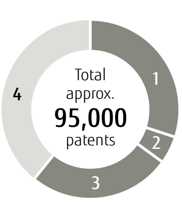
PATENTS ISSUED IN US IN 2013

1	IBM Corporation	6,809
2	Samsung Electronics Co., Ltd.	4,676
3	Canon Inc.	3,825
4	Sony Corporation	3,098
5	Microsoft Corporation	2,660
6	Panasonic Corporation	2,601
7	TOSHIBA CORPORATION	2,416
8	Hon Hai Precision Industry Co., Ltd.	2,279
9	QUALCOMM Incorporated	2,103
10	LG Electronics, Inc.	1,947
11	Google Inc.	1,851
12	**FUJITSU LIMITED**	**1,806**
13	Apple Inc.	1,775
14	General Electric Company	1,739
15	GM Global Technology	1,626
16	Seiko Epson Corporation	1,494
17	Ricoh Company, Ltd.	1,470
18	Intel Corporation	1,455
19	Hewlett-Packard Development Company, L.P.	1,360
20	BlackBerry Limited	1,334

Source: IFI CLAIMS Patent Services (number of issued patents).
The number of patents granted to Fujitsu Group companies other than Fujitsu Limited was 649 (12 companies).
Total Fujitsu Group patents: 2,455

FUJITSU FILINGS AND REGISTERED PATENTS BY BUSINESS SEGMENT

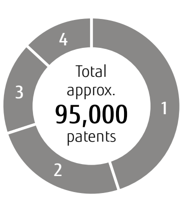
1	Technology Solutions	30%
2	Ubiquitous Solutions	5%
3	Device Solutions	26%
4	Shared Infrastructure & New Fields	39%



(Year ended March 31, 2014)

FUJITSU FILINGS AND REGISTERED PATENTS BY GEOGRAPHIC REGION

1	Japan	45%
2	North America	25%
3	Europe	17%
4	Asia/Oceania	13%



(Year ended March 31, 2014)

FUJITSU Way

On April 1, 2008, Fujitsu announced a fully revised Fujitsu Way. The Fujitsu Way embodies the philosophy of the Fujitsu Group, articulates the Group's overarching values, and defines concrete principles and a code of conduct that Group employees follow in their daily business activities. The new Fujitsu Way will facilitate management innovation and promote a unified direction for the Group as we expand our global business activities.

As outlined below, the Fujitsu Way consists of four core elements—the Corporate Vision, Corporate Values, Principles, and Code of Conduct. The Corporate Vision embodies the reason for the Group's existence, as well as the social role that it should fulfill. Corporate Values encompasses a set of values important for realizing the Corporate Vision. Finally, the Principles and Code of Conduct articulate rules of behavior to which every Fujitsu Group employee should actively adhere in accordance with the Corporate Values.

The Group has also formulated a Business Policy that outlines the medium-term direction of Fujitsu's businesses as defined by the Fujitsu Way. This policy serves as the basis for all Group business activities.

All Fujitsu Group employees have a shared commitment to the Fujitsu Way, which promotes a common direction for Group employees as they conduct their daily business activities. Employees aim to contribute to enhanced corporate value for the Fujitsu Group and to the well-being of the global and local societies in which we operate.

The Elements of FUJITSU Way

FUJITSU Way comprises four core elements:

FUJITSU Way

CORPORATE VISION	The reason for the existence of the Fujitsu Group.
CORPORATE VALUES	A set of value statements for achieving our Corporate Vision.
PRINCIPLES	The principles we adhere to in all business dealings and actions in accordance with Corporate Values.
CODE OF CONDUCT	The rules and guidelines followed by everyone in the Fujitsu Group.

BUSINESS POLICY	Our current strategies pursued in accordance with the Fujitsu Way.

CORPORATE VISION

Through our constant pursuit of innovation, the Fujitsu Group aims to contribute to the creation of a networked society that is rewarding and secure, bringing about a prosperous future that fulfills the dreams of people throughout the world.

CORPORATE VALUES

What we strive for:

Society and Environment	In all our actions, we protect the environment and contribute to society.
Profit and Growth	We strive to meet the expectations of customers, employees, and shareholders.
Shareholders and Investors	We seek to continuously increase our corporate value.
Global Perspective	We think and act from a global perspective.

What we value:

Employees	We respect diversity and support individual growth.
Customers	We seek to be their valued and trusted partner.
Business Partners	We build mutually beneficial relationships.
Technology	We seek to create new value through innovation.
Quality	We enhance the reputation of our customers and the reliability of social infrastructure.

PRINCIPLES

Global Citizenship	We act as good global citizens, attuned to the needs of society and the environment.
Customer-Centric Perspective	We think from the customer's perspective and act with sincerity.
Firsthand Understanding	We act based on a firsthand understanding of the actual situation.
Spirit of Challenge	We strive to achieve our highest goals.
Speed and Agility	We act flexibly and promptly to achieve our objectives.
Teamwork	We share common objectives across organizations, work as a team, and act as responsible members of the team.

CODE OF CONDUCT

- We respect human rights.
- We comply with all laws and regulations.
- We act with fairness in our business dealings.
- We protect and respect intellectual property.
- We maintain confidentiality.
- We do not use our position in our organization for personal gain.

SHAREHOLDERS AND INVESTORS

We seek to continuously increase our corporate value.

We aim to continuously increase corporate value and meet the expectations of shareholders and investors by achieving long-term sustainable growth and profit, and by pursuing strategic business expansion and focused management, while maintaining a sound financial standing.

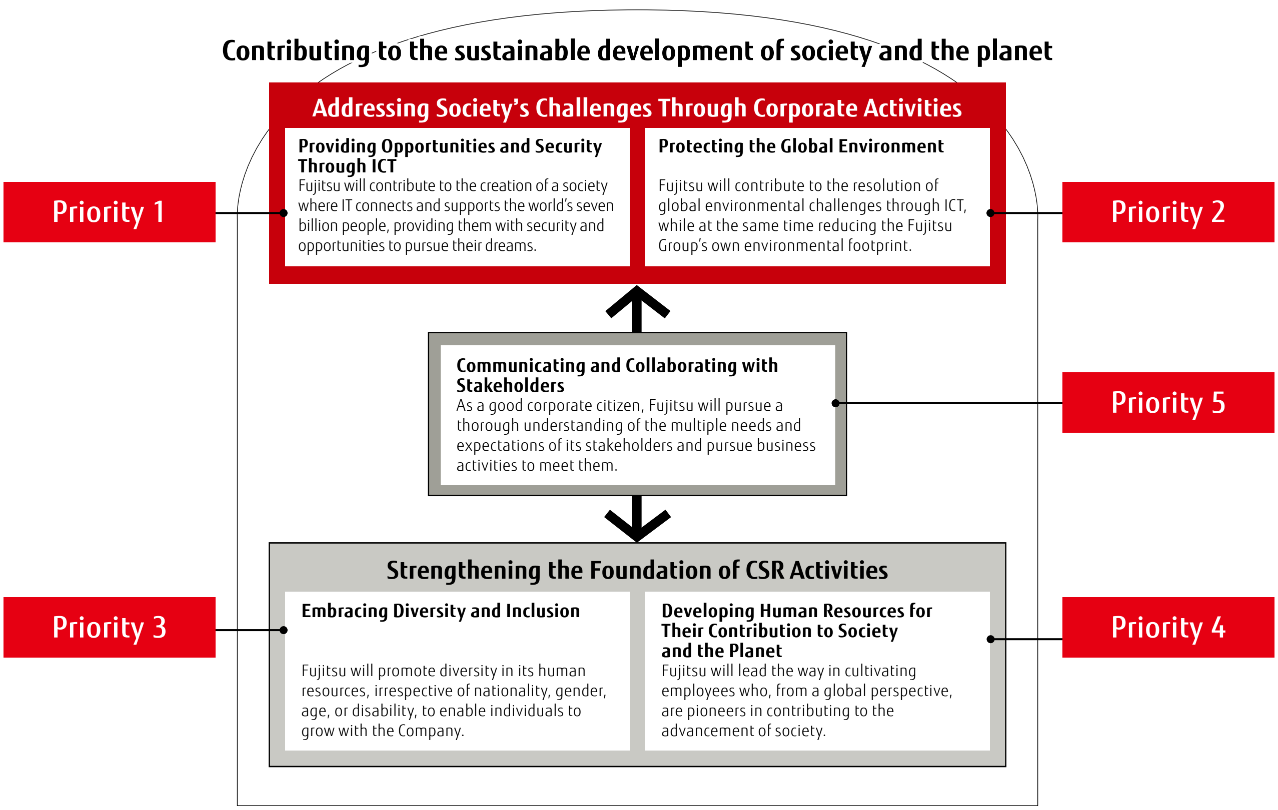
We enhance our management transparency by appropriate and timely disclosure of our business activities and financial information. This ensures that investors and shareholders understand how we are performing in enhancing our corporate value.

> The Fujitsu Group's DNA
> "We need to provide returns to our shareholders commensurate with their investment.
> In return for their investment, we have a responsibility and duty to respond to their expectations regarding profits and Fujitsu's corporate value."
> (Hiroaki Kurokawa, 12th president, message to employees on "The Interests of Shareholders," 2007)

FUJITSU GROUP CSR

Fujitsu Group CSR Policy

CSR at Fujitsu is practiced by implementing the Fujitsu Way. In all its business activities, by implementing the Fujitsu Way in light of the expectations and needs of multiple stakeholders, the Fujitsu Group contributes to the sustainable development of society and the planet. Fujitsu will focus on the following five priority issues in implementing its CSR practices. By pursuing these issues, Fujitsu will promote responsible management as a global ICT company.



CSR Activity Targets and Achievements

Fujitsu has defined medium-term targets for fiscal 2020. It also sets goals for individual fiscal years along the way, and publicizes its level of achievement. Please refer to Fujitsu's "Sustainability Report 2014" on page 12 for more details on responsible management as a global ICT company.

http://jp.fujitsu.com/about/csr/reports/2014/

CSR Activities Utilizing ISO 26000

Fujitsu supports the United Nations Global Compact's 10 principles in the four areas of human rights, labor, the environment, and anti-corruption, as a signatory company (since December 2009), in order to conduct a sustainable business. Furthermore, under the global matrix structure launched in March 2014, we are introducing a CSR management cycle using the ISO 26000 framework at 122 Group companies worldwide. Looking ahead, Fujitsu will continue to implement business activities in line with the expectations and demands of stakeholders based on its brand promise of "shaping tomorrow with you," with the aim of helping to realize a sustainable society.

Priority 1 Providing Opportunities and Security Through ICT

■ Key Examples from Fiscal 2013

Future Medical Care Center (Targeting Medical Innovation and Creating a Healthy Society)

In December 2013, Fujitsu established the Future Medical Care Center to work on a range of medical care-related problems facing Japanese society. The purpose of the center is to fully leverage ICT to create new businesses in areas such as health promotion, early detection of diseases, prevention of serious diseases, drug discovery, and personalized medicine. Fujitsu collaborates on this with cutting-edge research institutions and medical practitioners.

Notably, Fujitsu seeks to develop personalized medicine and a next-generation medical record system that integrates genome information and information on patient's daily lifestyles, in addition to their clinical records. These efforts will leverage Fujitsu's track record and expertise in having the top share of medical record systems installed in healthcare institutions in Japan.

Fujitsu also is working on IT-enabled drug discovery using supercomputers in collaboration with pharmaceutical companies, research institutions, and other partners around the world. The use of supercomputer simulations has been shown to markedly shorten the time needed to identify substances that are effective against the causes of diseases.

Looking ahead, Fujitsu aims to help to achieve innovative healthcare and realize a society that supports people's health. To reach these goals, the Company will leverage the technologies and expertise it has developed through business activities to date, as well as its cutting-edge technologies.

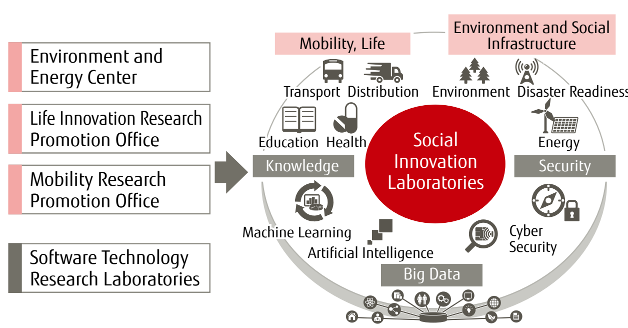
Social Innovation Laboratories (Pioneering New ICT Domains)

ICT has superceded its role as a tool to increase business efficiency—and is now developing the power to transform society as a whole. Fujitsu will endeavor to drive social innovation by expanding into new ICT usage areas that will help to solve global issues, such as agriculture, healthcare, and disaster readiness.

The Social Innovation Laboratories was formed in December 2013 by integrating the existing Environment and Energy Center, Life Innovation Research Promotion Office, Mobility Research Promotion Office, and Software Technology Research Laboratories. It was established to build a social infrastructure that will provide new value and knowledge by bringing together different specialized fields and linking and utilizing different forms of data.

To realize Social Innovation, we will engage in fieldwork on societies front lines, workshops with relevant people, and other activities in order ascertain the current status of society and the issues that need to be addressed. Having determined the issues, we will introduce a vision and specific ICT strategies to solve them. This is the same approach that Fujitsu has taken to field innovation in the front lines of companies and organizations being applied in various social fields. In this way we aim to create new businesses and social contribution in the social fields where conventional ICT has not penetrated.

Moreover, addressing laws and systems, and designing systems in consideration of human psychology are also important aspects of solving social issues. Fujitsu will therefore undertake research in social sciences such as systems design and social psychology.



Aiming to Create Social Infrastructure to Provide New Value through Information

Participation in the World Business Council for Sustainable Development (WBCSD)

In November 2013, Fujitsu joined WBCSD, based on its commitment to the organization's philosophy that "industry can achieve a positive impact on the environment and social issues through business activities."

As part of its activities with WBCSD, Fujitsu is participating in Sustainable Mobility Project (SMP) 2.0 together with leading global automobile, oil, tire, and other companies (15 companies in total). Through this project, Fujitsu is proceeding to develop vision for a society that will support sustainable mobility. Under SMP 2.0, field trials will be conducted relating to traffic accidents, environmental impact, traffic congestion, and other mobility issues in six cities around the world. The results will then be used to make recommendations to national governments with the goal of making mobility even better in tomorrow's society.

In WBCSD, Fujitsu is also engaged in awareness-raising activities focused on themes such as the strategic use of socio-economic impact measurements and inclusive business. These activities are directed at enhancing corporate value from a CSR perspective.

wbcsd

Priority 2 Protecting the Global Environment

The Fujitsu Group will strive to contribute broadly to solving societal issues, such as the environment. We can contribute through our business activities, by promoting the utilization of ICT throughout society and creating innovative technologies.

Using ICT to Pursue Growth While Contributing to Solutions for Societal and Environmental Problems

Ever since its founding in 1935, the Fujitsu Group has been guided by the concept of "operating in harmony with nature." We have always taken a long-term perspective in promoting environmental awareness. The Group has committed itself to a corporate philosophy of the Fujitsu Way, which states, "In all our actions, we protect the environment and contribute to society," and will strive to make a sustainable world as one of its social responsibilities, and part of the reason for its existence.

ICT enables more efficient use of resources and energy, and it also has the potential to play an important role in solving complex societal and environmental issues. The Fujitsu Group will continue to create innovations and solutions for its customers' issues, and to expand its business. These efforts will also contribute to the creation of a sustainable, affluent society.

It is also important that the Fujitsu Group itself continues to reduce its impact on the environment. While energy use at datacenters increases accompanying the growth of cloud-based services, promoting energy saving enables us to respond to societal demands as well as cutting our electric power costs. Moreover, using less energy and resources in the life cycles of our products and services also helps to strengthen our competitive edge, and is therefore essential to achieve excellence in business.

In fiscal 2013, provision of ICT helped customers and society to reduce their greenhouse gas emissions by 10.87 million tons, while Fujitsu cut its own greenhouse gas emissions by 66,000 tons compared to the previous year. This represents steady progress toward attaining the objectives for the Fujitsu Group Environmental Action Plan Stage VII by the end of fiscal 2015. Furthermore, in our targets for enhancing resource efficiency in ICT products, we achieved a 21.3% improvement, mainly through reducing the size and weight of smartphone, PCs, servers, and other products. In addition, in social contribution activities, Fujitsu employee's all over the world actively take part in initiatives that are closely tied to local communities, such as conducting lessons at elementary schools in the Philippines and reforestation activities in Iwate Prefecture.

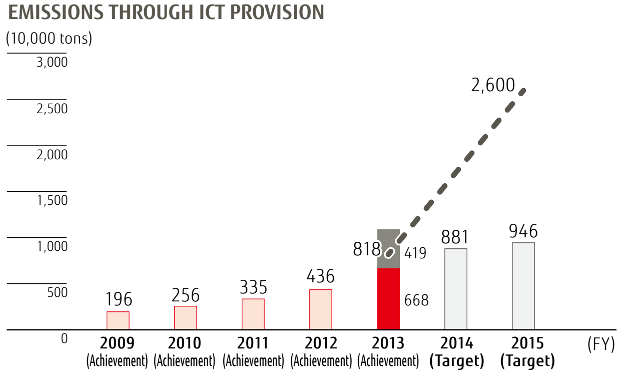
Reducing Greenhouse Gas Emissions by Providing ICT

The Fujitsu Group quantitatively visualizes the extent to which its solutions and services contribute to customers' reduction of greenhouse gases, and strives to increase this contribution. In the four years from fiscal 2009 to fiscal 2012, we helped to achieve cumulative CO_2 emission cuts of 12.23 million tons. In fiscal 2013, we expanded applicable areas to outside Japan, and in the three years until the end of fiscal 2015 we aim to contribute to total global reductions of at least 26 million tons. In fiscal 2013, we achieved our goal of a reduction of at least 8.18 million tons by contributing to a global decrease of 10.87 million tons.

Reducing Greenhouse Gas Emissions from Business Activities

The Fujitsu Group is working to reduce emissions of greenhouse gases associated with Group business activities. Accordingly, we set " Reducing our total greenhouse gas emissions at business sites by over 20% by the end of fiscal 2015 compared with fiscal 1990" as a goal. We achieved our goal with actual total global emissions in fiscal 2013 of approximately 948,000 tons, a reduction of 29.4% compared with fiscal 1990.

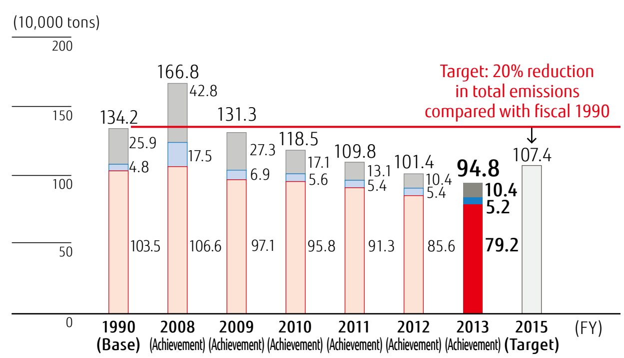
TARGETS AND PERFORMANCE IN CONTRIBUTION TO GREENHOUSE GAS EMISSIONS THROUGH ICT PROVISION



Total (Fujitsu Group Environmental Action Plan, Stage VII)
Greenhouse Gas Reductions through ICT (Japan)
Greenhouse Gas Reductions through ICT (Outside Japan)

* Values from fiscal 2010 to fiscal 2012 are actual values under the Fujitsu Group Environmental Action Plan Stage VI.
The scope of activities has been widened globally since fiscal 2013.

CHANGE IN TOTAL GREENHOUSE GAS EMISSIONS



CO_2 emissions in Japan (Note 1) CO_2 emissions outside Japan (Note 1)
Emissions other than CO_2 (Note 2)

(Note 1) CO_2 emissions in/outside Japan: Purchased electric power based on performance reports under the Fujitsu Group's Environmental Protection Program. CO_2 conversion coefficient calculations performed with a fixed value of 0.407 ton of CO_2 per MWh since fiscal 2002.
(Note 2) Greenhouse gases other than CO_2: Converted to equivalent amounts of CO_2 using the global warming potential (GWP) of each gas. Our fiscal 1995 performance is taken to be the emissions in fiscal 1990.

Principal Environmental Activities in Fiscal 2013

Supplying Tablets to Life Insurance Sales Personnel Reduced CO_2 Emissions by 43.1%

In December 2013, Fujitsu supplied life insurance sales personnel with a tablet solution that forms a core part of their policy management system.

Previously, insurance sales personnel used large amounts of paperwork to conduct their business transactions, which needed to be done at their offices. But with this solution, thanks to tighter security functions, it is now possible to go through the entire administrative process at the client's premises, courtesy of being able to use the tablets to provide everything from product explanations through to policy sign-up. The process is now paperless and this has eliminated extra travel from customers' premises back to sales personnel workplaces.

Assessing the environmental contribution effect on the customer showed there had been a greenhouse gas reduction of 43.1% (Fujitsu calculations). Going paperless had saved tens of millions of sheets of paper, but reduction effects could also be seen in reduced movement of people (business trips and travel expenses) and reduced office space (with energy saved by using less lighting and air conditioning).


Tablet usage scenario

Datacentre Optimisation at University Campus Suffolk Reduces Power Consumption by 80%

ICT has become ubiquitous, always on, always available, and on any form factor. University students expect 100% uptime, 100% availability, and delivery of learning materials to the platform of their choice. For University Campus Suffolk (UCS) that meant transforming its legacy datacentre.

The objective that UCS set itself was to reduce power consumption by 80% and used floor space by 70%, as well as delivering increased uptime and performance. To achieve this ambitious goal, UCS worked in partnership with Fujitsu to implement a technology replacement program.

The program commenced with the installation of a new storage area network (SAN), consolidating all storage into two FUJITSU Storage ETERNUS DX80 SANs. The second stage of the program was an ambitious virtualization project, which consolidated nearly 100 physical servers into five FUJITSU Server PRIMERGY RX300 units.

The success of the datacentre transformation project has led UCS to increasingly adopt Fujitsu technology, including the recent purchase of FUJITSU CELSIUS M730 workstations for their Games Design degree course. These units were selected specifically for their combination of low power draw, almost silent operation, and high-performance architecture.


Suffolk University Campus

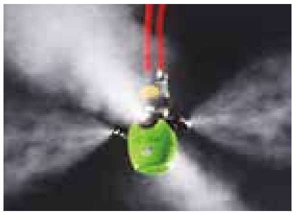
Energy Reduction by Changing Humidifying Methods in Clean Rooms

Fujitsu Component Limited is striving to reduce energy use by changing the humidifying methods used in clean rooms and making effective use of exhaust heat from compressors in its R&D centers.

Conventionally, humidity in touch panel manufacturing plant clean rooms came from steam in boilers within air conditioners, but due to insufficient humidifying capability and other issues, the method was changed to a pure water spray humidifying method. This improved humidity management and control, as well as reducing the amount of fuel needed to run the boiler. Furthermore, the cooler inside the clean room had previously been used throughout the year, but switching to a pure water spray absorbed heat through evaporation, lowering the room temperature, and reducing the cooler burden (cutting power consumption by the cooler).

Since compressors emit exhaust heat, coolers were used to prevent rising room temperatures and to control reduced efficiency in devices. Water purifiers, on the other hand, heated the raw water using the boiler's steam. Using heat exchangers to heat the raw water by the heat emitted from the compressors led to simultaneous reductions in consumption of power for the coolers and boiler fuel.

The result was a reduction of approximately 650 tons of CO_2 emissions (–20% decrease compared to the previous fiscal year) and over ¥20 million in costs over one year.


Humidifying using pure water spray (image)

Priority 3 Embracing Diversity and Inclusion

The Fujitsu Group has approximately 160,000 employees working around the world. By embracing diverse human resources and respecting one another's individuality, regardless of nationality, gender, age, disability, and so on, Fujitsu aims for every employee and the organization as a whole to achieve growth together.

Manager, Diversity Promotion Office
Noriko Shiono

Fujitsu positions diversity and inclusion as one of management's top priorities. Fiscal 2013 was the final year of " Understanding and achievement," our second phase of diversity promotion activities. In this phase we continued to implement the three key diversity and inclusion initiatives under way since fiscal 2011 in tandem with the first-phase initiatives.

Looking at the third phase of activities from fiscal 2014 onward, we plan to augment our activities so far with the following three key initiatives based on the theme of "Transforming diversity into innovation."

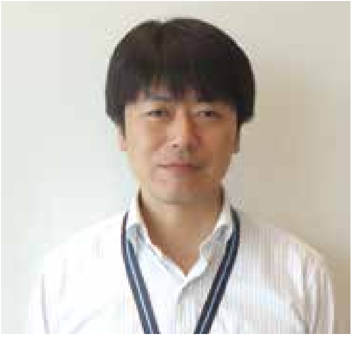
- Support promotion of diversity in the workplace to generate innovation
- Upgrade and expand continuous talent management from young employees onward for developing a diverse spectrum of business leaders (especially women)
- Promote initiatives among domestic and overseas Group companies

Fujitsu was included in the 2014 Diversity Management Section 100 project organized by the Ministry of Economy, Trade and Industry (METI), in recognition of its wide range of innovative measures to promote diversity and inclusion in the workplace and throughout the company.

DIVERSITY MANAGEMENT SELECTION 100 2014

Priority 4 Developing Human Resources for Their Contribution to Society and the Environment

The Fujitsu Group is developing the next-generation of leaders to realize its goal of becoming a truly global ICT company. In the process, Fujitsu will balance successful business strategy execution with a commitment to solving social issues, as it contributes to the sustainable development of society and the world at large.



Senior Director, Human Resources Unit
Hiroki Hiramatsu

We are focused intently on global talent management and developing the next generation of leaders who will help to realize Fujitsu Group's goal of becoming a truly global ICT company.

With regard to developing the next generation of leaders, our policy on training is to select talented human resources and provide them with opportunities to grow through "action learning" on the job and experience from challenging assignments. We will also step up efforts to develop organizations and human resources that are able to collaborate with a wide range of personnel to create businesses. This will be crucial to expanding business in innovation areas, which will be growth fields going forward.

We are also working to lay down a global personnel platform that will facilitate the consistent execution of these processes.

Specifically, we will introduce standardized job responsibilities and leadership competencies that are shared in common by all of our global operations. The goal is to monitor key positions and talented human resources around the world, as we utilize human resources effectively across different countries and regions.

Priority 5 Communicating and Collaborating with Stakeholders

As a good corporate citizen, the Fujitsu Group is striving to build solid relationships of trust with stakeholders, including customers, shareholders and other investors, suppliers and other business partners, and communities. To this end, the Fujitsu Group provides opportunities for dialogue by developing communication methods tailored to each type of stakeholder. In addition, the Fujitsu Group holds dialogues with outside experts based on the themes it is working on, in order to strengthen its CSR activities base. In doing so, the Fujitsu Group works to understand the diverse array of expectations and demands of stakeholders and reflect them in its CSR and corporate business activities.

Dialogue Sessions with Guest Experts

We invited various experts to come and share their opinions on, "The nature of sustainable society and companies."

First Session: Comprehensive Perspective
Disclosure of financial and non-financial information

Communication of financial and non-financial information with a view to integrated reporting

Second Session: Long-Term Perspective
Long-term business models

The nature of businesses basic research that contribute to solving social issues

Third Session: Sustainable Society
Continued sustainable growth of companies

Sustainability of corporate missions executed through innovation

http://jp.fujitsu.com/about/csr/society/dialog/

Approach to Social Contribution Activities

The Fujitsu Group will create new value and knowledge together with our customers, communities, and people worldwide through ICT, and contribute to sustainable development for the earth and society. Through these efforts, we hope to ensure a prosperous and fulfilling future for all people.

Fujitsu engages in social contribution activities together with a wide range of stakeholders and bases those activities on four pillars: ICT for Everyone, Support for Challenges, Community Engagement, and Environment.

http://jp.fujitsu.com/about/csr/community/

Global Recognition

- Included in Dow Jones Sustainability Indexes (World)
- Included in Carbon Disclosure Project
- Included in UN Global Compact 100 (Stock Index)
- Included in Fortune Magazine's 2014 list of "World's Most Admired Companies"
- Incorporated into FTSE4Good Index Series
- Selected for the Ethibel sustainability Index

MANAGEMENT ORGANIZATION

(As of July 1, 2014)

Masami Yamamoto

President

Number of years as director: 4 years
Number of Fujitsu shares held: 96,852*

Birth: January 11, 1954
Apr. 1976 Joined Fujitsu Limited
Jun. 2004 Executive Vice President, Personal Systems Business Group
Jun. 2005 Corporate Vice President
Jun. 2007 Corporate Senior Vice President
Jan. 2010 Corporate Senior Executive Vice President
Apr. 2010 President
Jun. 2010 President and Representative Director*[1]

Masami Fujita

Corporate Senior Executive Vice President

Number of years as director: 4 years
Number of Fujitsu shares held: 54,873*

Birth: September 22, 1956
Apr. 1980 Joined Fujitsu Limited
Dec. 2001 General Manager, Secretary's Office
Jun. 2006 Corporate Vice President
Jun. 2009 Corporate Senior Vice President
Apr. 2010 Corporate Senior Executive Vice President
Jun. 2010 Corporate Senior Executive Vice President and Director
Jun. 2012 Corporate Senior Executive Vice President and Representative Director*[1]

Chikafumi Urakawa

Corporate Executive Vice President

Number of years as director: 1 year
Number of Fujitsu shares held: 42,044*

Birth: October 16, 1951
Apr. 1976 Joined Fujitsu Limited
Jun. 2004 Group President, Kyusyu Regional Sales Group
Jun. 2008 Corporate Vice President
Apr. 2010 Corporate Senior Vice President
May 2013 Corporate Executive Vice President
Jun. 2013 Corporate Executive Vice President and Director*[1]

Haruo Ito

Director
Senior Advisor, Fuji Electric Co., Ltd.

Number of years as director: 7 years
Number of Fujitsu shares held: 45,739*

Birth: November 9, 1943
Apr. 1968 Joined Fuji Electric Co., Ltd.*[2]
Jun. 1998 Director, Fuji Electric Co., Ltd.*[2]
Oct. 2003 President and Representative Director, Fuji Electric Systems Co., Ltd.*[2]
Jun. 2006 President and Representative Director, Fuji Electric Holdings Co., Ltd.*[2]
Jun. 2007 Director, Fujitsu Limited*[1]
Apr. 2010 Director and Senior Advisor, Fuji Electric Holdings Co., Ltd.*[2]
Jun. 2010 Senior Advisor, Fuji Electric Holdings Co., Ltd.*[1], *[2]

Takashi Okimoto

Director
President, Chuo Real Estate Co., Ltd.

Number of years as director: 3 years
Number of Fujitsu shares held: 5,000*

Birth: November 14, 1950
Apr. 1973 Joined Dai-Ichi Kangyo Bank, Ltd.*[3]
Jun. 2001 Corporate Officer, Dai-Ichi Kangyo Bank, Ltd.*[3]
Apr. 2002 Corporate Officer, Mizuho Corporate Bank, Ltd.*[3]
Oct. 2002 Managing Corporate Officer, Mizuho Corporate Bank, Ltd.*[3]
Apr. 2005 Deputy President (Representative Director), Mizuho Corporate Bank, Ltd.*[3]
Jun. 2007 Representative Director, Chairman and Corporate Officer, Orient Corporation
Jun. 2011 Director, Fujitsu Limited*[1]
Jun. 2011 Chairman, Seiwa Sogo Tatemono Co., Ltd.
Jun. 2012 President and Representative Director, Chuo Real Estate Co., Ltd.*[1]

Tatsuzumi Furukawa

Director

Number of years as director: 1 year
(Served as director of Fujitsu for 7 years from 1994 to 2001)
Number of Fujitsu shares held: 53,000*

Birth: November 17, 1942
Apr. 1965 Joined Fujitsu Limited
Jun. 1994 Director
Apr. 2000 Senior Vice President (until June 2001)
Jun. 2013 Director, Fujitsu Limited*[1]

Jun. 2001 Corporate Senior Executive Vice President and Representative Director, NIFTY Corporation
Jun. 2002 President and Representative Director, NIFTY Corporation
Jun. 2007 Chairman and Representative Director, NIFTY Corporation (until June 2008)

AUDIT & SUPERVISORY BOARD MEMBERS

Audit & Supervisory Board Members
Kazuhiko Kato
Akihiko Murakami

Audit & Supervisory Board Members (External)
Megumi Yamamuro
Special Counsel, URYU & ITOGA

Hiroshi Mitani
Special Counsel, TMI Associates

Koji Hatsukawa
Certified public accountant

CORPORATE EXECUTIVE OFFICERS

President
Masami Yamamoto

Corporate Senior Executive Vice President
Masami Fujita

Corporate Executive Vice Chairman
Masahiro Koezuka

Corporate Executive Vice Presidents
Chikafumi Urakawa
Yoshikazu Kudoh
Norihiko Taniguchi

Yoshikazu Kudoh
Corporate Executive Vice President

Number of years as director: newly appointed
Number of Fujitsu shares held: 43,924*

Birth: June 7, 1953
Apr. 1976 Joined Fujitsu Limited
Jun. 2006 President and Representative Director, Shiga Fujitsu Software Limited
Jun. 2008 Head of the Fujitsu President's Office & Corporate Strategy
Jan. 2009 Senior Vice President, IT Services Business Group
Jun. 2009 Executive Vice President
Apr. 2010 Corporate Vice President
May 2011 Corporate Senior Vice President
May 2013 Corporate Executive Vice President
Jun. 2014 Corporate Executive Vice President and Director*1

Norihiko Taniguchi
Corporate Executive Vice President

Number of years as director: newly appointed
Number of Fujitsu shares held: 43,768*

Birth: September 7, 1954
Apr. 1977 Joined Fujitsu Limited
Jun. 2003 Head of Financial Systems Solution Unit
Jun. 2005 President and Representative Director, Fujitsu Advanced Solutions Limited *4
Jun. 2007 Executive Vice President
Jun. 2008 Corporate Vice President
Apr. 2010 Corporate Senior Vice President
Apr. 2014 Corporate Executive Vice President
Jun. 2014 Corporate Executive Vice President and Director*1

* Number of shares held as of March 31, 2014
*1 To present
*2 Currently Fuji Electric Co., Ltd.
*3 Currently Mizuho Bank, Ltd.
*4 Currently Fujitsu Mission Critical Systems Limited

Miyako Suda
Director
Special Advisor, the Cannon Institute for Global Studies

Number of years as director: 1 year
Number of Fujitsu shares held: 1,956*

Birth: May 15, 1948
Apr. 1982 Associate Professor, School of Economics, Senshu University
Apr. 1988 Professor, School of Economics, Senshu University
Apr. 1990 Professor, Faculty of Economics, Gakushuin University
Apr. 2001 Member of the Policy Board, Bank of Japan (until March 2011)
May 2011 Special Advisor, the Cannon Institute for Global Studies*1
Jun. 2013 Director, Fujitsu Limited*1

Jun Yokota
Director
Special Advisor to the Chairman of KEIDANREN

Number of years as director: newly appointed
Number of Fujitsu shares held: 0*

Birth: June 26, 1947
Apr. 1971 Joined the Ministry of Foreign Affairs
Jan. 1998 Deputy Director-General, Economic Affairs Bureau
Jun. 2002 Consul-General of Japan in Hong Kong
Apr. 2004 Ambassador Extraordinary and Plenipotentiary to the State of Israel
May 2009 Ambassador Extraordinary and Plenipotentiary to the Kingdom of Belgium
Oct. 2012 Ambassador Extraordinary and Plenipotentiary in charge of Economic Diplomacy and Reconstruction Assistance to Iraq (until January 2014)
Jun. 2014 Special Advisor to the Chairman of KEIDANREN*1
Jun. 2014 Director, Fujitsu Limited*1

Michiyoshi Mazuka
Senior Executive Advisor and Director

Number of years as director: 10 years
Number of Fujitsu shares held: 88,138*

Birth: October 17, 1943
Apr. 1968 Joined Fujitsu FACOM CO., Ltd.
Apr. 1971 Joined Fujitsu Limited
Jun. 2001 Member of the Board
Jun. 2002 Corporate Vice President
Apr. 2003 Corporate Senior Vice President
Jun. 2005 Member of the Board and Corporate Executive Vice President
Jun. 2006 Corporate Senior Executive Vice President and Representative Director
Jun. 2008 Chairman and Representative Director
Sep. 2009 Chairman, President and Representative Director
Apr. 2010 Chairman and Representative Director
Jun. 2012 Chairman and Director
Jun. 2014 Senior Executive Advisor and Director*1

Corporate Senior Vice Presidents

Tsuneo Kawatsuma
Masaaki Hamaba
Kazuhiro Igarashi
Yoshihiko Hanada
Hiroyuki Ono
Jiro Otsuki
Akira Kabemoto
Kuniaki Saito
Hidehiro Tsukano
Tango Matsumoto
Tatsuya Tanaka
Hidenori Furuta
Duncan Tait

Executive Fellow

Kazuhiko Ogawa

Corporate Vice Presidents

Yutaka Abe
Shinichi Koizumi
Mitsutoshi Hirono
Mitsuya Yasui
Hiroyasu Takeda
Takashi Yamada
Takato Noda
Hiromu Kawakami
Kiyoshi Handa
Yoshiki Kondou
Motoyuki Ozawa
Kazuo Imada
Toshiharu Kitaoka
Hiroaki Kondo
Shingo Kagawa
Katsumi Takada
Youichi Hirose
Akira Endou
Shinji Yoshii
Katsumi Nakano
Hideki Kiwaki
Chiseki Sagawa
Takeshi Nakajima
Masaki Kubota
Makoto Yonekura
Akihisa Kamata
Fumihiko Teduka
Robert Pryor
Katsuhiko Satou
Akihiro Okada
Shikou Kikuta
Hiroyuki Sakai
Jou Oda
Toshio Hirose
Mike Foster

INTERVIEW WITH AN EXTERNAL AUDITOR

Corporate governance is becoming ever more important for the Fujitsu Group as it accelerates management innovation and expansion of its global business activities. At the same time, shareholders and investors have become increasingly focused on structures and management systems for ensuring that corporate governance functions effectively.

Audit & Supervisory Board member Koji Hatsukawa possesses extensive knowledge of corporate management from an accounting and auditing perspective. Among other experience, he has been involved in accounting audits as a member of an auditing firm, participated in the application and review of international accounting standards, and served as an external Audit & Supervisory Board member for a financial institution and a private-sector company. We interviewed him about Fujitsu's corporate governance and efforts to raise corporate value.

External Audit & Supervisory Board Member
(Independent Audit & Supervisory Board Member)
Koji Hatsukawa

Q.1 What do you feel is expected of you in your role as an external Audit & Supervisory Board member?

Fujitsu is one of Japan's major multinational corporations, and as a leading ICT company with a large-scale solutions business and a global reach, it recognizes that it is always in the public eye. Given this fact, the most important role of an external Audit & Supervisory Board member is to properly check from the independent standpoint of society whether corporate governance and compliance are functioning in an effective manner so that the company is fulfilling its responsibilities to society.

I also recognize that it is my duty as an Audit & Supervisory Board member to utilize my experience in accounting audits and the application and review of international accounting standards to monitor the decision making of the Board of Directors and ensure there are no problems in terms of rationality and transparency. By performing this role, I contribute to raising shareholder value and corporate value and help to ensure that Fujitsu upholds the public's trust.

Q.2 How do you rate corporate governance at Fujitsu?

I think it is laudable that Fujitsu has appointed several people with diverse backgrounds to serve as both in-house and external directors and Audit & Supervisory Board members. The Audit & Supervisory Board has members with extensive business experience, members with legal knowledge and ample practical experience, and members who are experts in financial reporting and internal controls. All give their opinions from their respective perspectives and engage in very substantive debates. The auditors work well as a team to perform their duties, helping to enhance and strengthen corporate governance. As a result, I find that management transparency at Fujitsu is maintained and that governance functions effectively as shareholders and other stakeholders would expect.

Q.3 As an external Audit & Supervisory Board member, what do you usually focus on?

My background is in financial accounting and auditing, so naturally when I approach my work my interests are in the accountability of public corporations and more specifically in the transparency of financial reporting. Fujitsu adopted IFRS in fiscal 2014, and I expect this move will further advance the Company's information provision for helping investors to make decisions going forward. At the same time, since IFRS is more principles-based, there is more latitude for selecting accounting policies, financial statement formats and so forth. We Audit & Supervisory Board members will therefore be watching closely to ensure that there is always a healthy discussion going on within management regarding what kind of financial reporting is most beneficial for stakeholders.

In May 2014, Fujitsu announced its "Profit Growth Roadmap" in its new medium-term management plan. I think it is important to monitor progress on the roadmap, such as the business plans and policies proposed by management, and the Group's overall goals for realizing healthy earnings and sustainably raising shareholder value and corporate value. In addition, as an Audit & Supervisory Board member, I intend to verify the overall consistency of progress on these plans and the information that is provided to shareholders and investors through IR activities.

PROFILE

Birth: September 25, 1951
Mar. 1974 Joined the Price Waterhouse Accounting Office
Jul. 1991 Representative Partner, Aoyama Audit Corporation
Apr. 2000 Representative Partner, ChuoAoyama PricewaterhouseCoopers
Oct. 2005 Director and Manager of International Operations, ChuoAoyama PricewaterhouseCoopers
May 2009 CEO, PricewaterhouseCoopers Aarata (until May 2012)
Jun. 2012 Audit & Supervisory Board Member, the Norinchukin Bank (to present)
Jun. 2012 External Audit & Supervisory Board Member, Accordia Golf Co., Ltd. (to present)
Jun. 2013 External Audit & Supervisory Board Member, Fujitsu Limited (to present)

The roles of Audit & Supervisory Board members are various, but we often emphasize risk management and compliance, which can be compared to the brakes in the car driven by management. However, in order to achieve sustained increases in shareholder value and corporate value, Audit & Supervisory Board members must also keep an eye on the Company's strategies and policies to ensure they are functioning too, as these are the "accelerator" within management for powerfully propelling the company's businesses forward.

I also try to gain an understanding of the frontlines of Fujitsu's business. This may seem obvious, but it is not always easy to accomplish for external Audit & Supervisory Board members who are not at the company full-time. In my case, I try to make as many opportunities as possible to observe key business sites and talk directly with personnel. In order to grasp the current state of business before meetings of the Board of Directors and the Audit & Supervisory Board, I access the various business topics and meeting materials through the company's online internal information system for members of the Board of Directors, "Board of Directors Web," and study the information to prepare myself.

Q.4 What do you think Fujitsu needs to do to raise its corporate value?

In general, discussions on how to raise shareholder value and corporate value tend to focus on capital policy. However, I think it is fundamental for companies to conduct business soundly and accumulate healthy profits. Fujitsu provides ICT infrastructure on a global basis and it is therefore important to continue to develop products and services that are appealing and that can

contribute to society in order to maintain a strong competitive edge. Moreover, I believe that the scope of application for ICT solutions is now expanding as well. Regarding the Profit Growth Roadmap set forth in the medium-term management plan, it will be important to strengthen the global service business and train global human resources. On top of this, I believe that steadily continuing to raise capital efficiency and profit margins will lead to higher shareholder and corporate value.

Q.5 What message do you have for shareholders and investors?

Fujitsu is an organization where directors and Audit & Supervisory Board members, both in-house and external, with differing backgrounds and varied expertise and experience give constructive opinions from various perspectives and conduct vigorous debates to work to solve problems-this I feel is part of Fujitsu's corporate culture.

In addition, Fujitsu has a strong awareness of improving accountability to stakeholders and raising the quality of financial reporting, which is evidenced by its early adoption of IFRS accounting.

Moreover, I expect Fujitsu to soundly implement its new medium-term management plan, with both the "accelerator" and "brakes" functioning together appropriately. In this regard, as an Audit & Supervisory Board member, I will focus on whether this process is being soundly executed and make certain that progress on each measure is being appropriately reported to stakeholders.

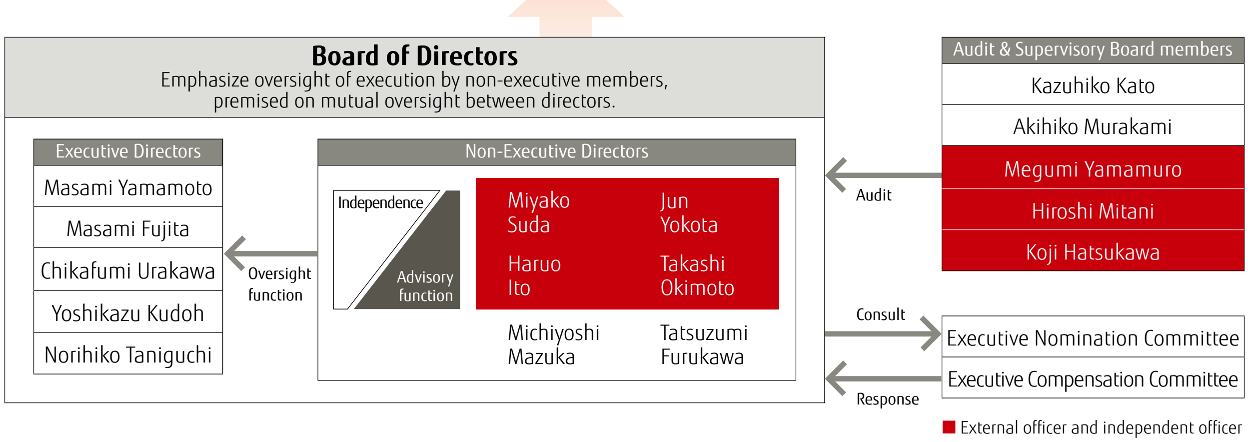
REVIEW OF CORPORATE GOVERNANCE IN FISCAL 2013

The Fujitsu Group is strengthening its corporate governance to ensure a sustainable increase in corporate value. Here we report on the status of this initiative in fiscal 2013.

1. Numbers of meetings of key boards and committees

Board of Directors meetings (including extraordinary meetings)	15 times (3 times)
Audit & Supervisory Board meetings	7 times
Attendance of external directors at Board of Directors meetings	95.8%
Attendance of external Audit & Supervisory Board members at Board of Directors meetings	97.8%
Attendance of external Audit & Supervisory Board members at Audit & Supervisory Board meetings	100%

Increased shareholder value through maintaining corporate governance



2. Major examples of decision-making by the Board of Directors in fiscal 2013

- Transfer of Fujitsu Semiconductor Limited's microcontroller and analog device business to Spansion Inc.
- Liquidation of US subsidiary Fujitsu Management Services of America, Inc.
- Consolidation of mobile phone manufacturing subsidiaries
- Creation of the new global matrix management structure
- Revision of the basic policy relating to establishment of the internal control system

3. Details of remuneration

Type	Number of Recipients	Remuneration Type				Total Amount of Compensation
		Basic compensation	Stock-based compensation	Bonuses	Other	
Directors (Of which, compensation paid to external directors)	16 (5)	¥326 million (¥45 million)	¥38 million –	¥89 million –	– –	¥453 million (¥45 million)
Audit & Supervisory Board members (Of which, compensation paid to external Audit & Supervisory Board members)	6 (4)	¥107 million (¥41 million)	– –	– –	– –	¥107 million (¥41 million)

*1 The above includes directors and Audit & Supervisory Board members who resigned in fiscal 2013.

*2 The limit on remuneration to directors (including external directors) was resolved to be ¥600 million per year at the 106th Annual Shareholders' Meeting held June 23, 2006. The limit on remuneration to Audit & Supervisory Board members (including external Audit & Supervisory Board members) was resolved to be ¥150 million per year at the 111th Annual Shareholders' Meeting held June 23, 2011. The Company is paying the compensation shown in the above table.

4. Breakdown of remuneration for auditing

(1) Breakdown of remuneration for auditing certified public accountants

(Millions of Yen)

Type	Fiscal 2012		Fiscal 2013	
	Remuneration for audit certification services	Remuneration for non-audit certification services	Remuneration for non-audit certification services	Remuneration for non-audit certification services
The Company	547	–	559	–
Consolidated subsidiaries	757	32	771	32
Total	1,305	32	1,330	32

*1 The Company does not classify remuneration for audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act. The above remuneration amounts therefore include the remuneration amount for audits based on the Companies Act.
*2 Some of the Company's consolidated subsidiaries use different independent auditors to conduct their accounting audits from the auditing certified public accountants used by the Company.

(2) Breakdown of other important remuneration

Fiscal 2012

In addition to the remuneration shown in (1) above, the Company and its consolidated subsidiaries did not record any significant payments, either made or owing, to an independent auditor in the same network as the Company's auditing certified public accountants.

Fiscal 2013

In addition to the remuneration shown in (1) above, the Company and its consolidated subsidiaries did not record any significant payments, either made or owing, to an independent auditor in the same network as the Company's auditing certified public accountants.

(3) Breakdown of non-auditing duties performed for the Company by the auditing certified public accountants

Fiscal 2012

Not applicable for the year.

Fiscal 2013

Not applicable for the year.

(4) Policy for deciding remuneration for auditing certified public accountants

The Company does not have a policy for deciding the remuneration for its auditing certified public accountants.

The Board of Directors considers an appropriate remuneration amount in accordance with the audit content and number of days required to complete it, and determines the amount after obtaining approval from the Audit & Supervisory Board in accordance with the Companies Act.

5. Accountability

Fujitsu recognizes that explaining corporate and management information to shareholders, investors and other stakeholders is an important task within corporate governance, and strives to disclose information in a timely and appropriate manner.

Meeting Event	Number of Times	Content
Regular presentations to securities analysts and institutional investors	8	We hold regular presentations, including presentations by the president on our management direction, presentations by the president and CFO on our earnings results, and presentations by various senior executives on business strategy for the operations they oversee.
Regular presentations to foreign institutional investors	4	The CFO meets with foreign institutional investors regularly. We also have IR managers stationed in Europe and the US who meet and communicate regularly with investors, not just at the time of earnings announcements.
Regular presentations to individual investors	0	Although currently we do not hold presentations for individual investors, we have a dedicated investor relations website for individual investors (in Japanese).

Videos, presentation materials, and Q&A and other materials can be viewed on the following website:
http://www.fujitsu.com/global/about/ir/library/presentations/

CORPORATE GOVERNANCE

The following Fujitsu-prepared translation of the revised Fujitsu Limited Corporate Governance Report is provided for reference only. The original Japanese-language report was filed with the Tokyo Stock Exchange on June 24, 2014 under TSE securities code 6702.

Established under Japanese law, Fujitsu adheres to the provisions of Japan's Companies Act with respect to corporate governance. The Companies Act can be viewed on the Japanese government's website.

As of June 24, 2014, Fujitsu was listed on two securities exchanges in Japan, and complies with the regulations relating to corporate governance of each exchange. Moreover, Fujitsu also observes the Principles of Corporate Governance for Listed Companies of the Tokyo Stock Exchange. These regulations and principles can be viewed on the website of each securities exchange.

I. BASIC STANCE ON CORPORATE GOVERNANCE AND OTHER BASIC INFORMATION

1. Basic Stance

The main emphasis of Fujitsu's corporate governance is on having the non-executive directors provide oversight and advice to executive directors in their management execution role, within the Board of Directors, while adopting the Audit & Supervisory Board system.

Specifically, while assuming mutual supervision between directors and oversight of directors by the Board of Directors, Fujitsu makes a clear distinction between the management execution role and the management oversight role on the Board of Directors and, moreover, makes sure that there are at least as many non-executive directors responsible for management oversight as there are executive directors responsible for management execution.

In addition, in selecting candidates for non-executive directors, consideration is given to the candidate's backgrounds and insight into Fujitsu's business so that effective advice that reflects a diversity of viewpoints can be obtained.

Furthermore, Audit & Supervisory Board members provide audits and oversight from the outside of the Board of Directors, and Fujitsu has established the Executive Nomination Committee and Compensation Committee of its own accord, thereby augmenting the Board of Directors. The overall approach is designed to raise shareholder value through effective corporate governance.

2. Policy on Measures for Protecting Minority Shareholders When Carrying Out Transactions with Controlling Shareholders

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3. Other Particular Factors that May Have an Important Impact on Corporate Governance

Among our consolidated subsidiaries and equity method affiliates, the following companies are publicly listed on Japanese stock exchanges:
<Consolidated Subsidiaries>
Fujitsu Frontech Limited, Fujitsu Broad Solution & Consulting Inc., NIFTY Corporation, Shinko Electric Industries Co., Ltd., FDK Corporation, and Fujitsu Component Limited
<Equity Method Affiliates>
Fujitsu General Limited

While we respect the autonomy of our publicly listed subsidiaries, we require them to receive our prior authorization when they use "Fujitsu" as a trade name or trademark. In addition, while they are responsible for decisions regarding nominations and compensation for members of the board, we are notified in advance regarding member of the board candidates and levels of compensation. Regarding the setting of budget plans and revisions as well as financial performance, because their results impact our consolidated earnings, to the extent that it is reasonable, we are kept informed.

II. STATUS OF MANAGEMENT CONTROL ORGANIZATION FOR MANAGEMENT DECISION MAKING, OPERATIONAL EXECUTION AND OVERSIGHT, AND OTHER CORPORATE GOVERNANCE STRUCTURAL FEATURES

1. Matters Regarding Organizational Structure and Operation

Type of Organization	Company with Audit & Supervisory Board Members

[Board of Directors]

Number of Directors Under the Articles of Incorporation	Up to 15
Term of Directors Under the Articles of Incorporation	1 year
Board Chair	Other director
Number of Directors	11
Appointment of External Directors	Yes
Number of External Directors	4
Number of External Directors Designated as Independent Directors	4

Relationship with the Company (1)

Name	Type of Affiliation	Relationship with the Company*[1]								
		a	b	c	d	e	f	g	h	i
Haruo Ito	From other company			○	○				○	○
Takashi Okimoto	From other company				○	○			○	○
Miyako Suda	Scholar								○	
Jun Yokota	Other								○	

*[1] Categories describing relationship with the Company
a: From the parent company
b: From other affiliated company
c: Major shareholder of the subject company
d: Concurrently serves as an external director or an Audit & Supervisory Board member of other company
e: Executive director or officer of other company
f: A spouse or relative within the third degree of kinship or other equivalent persons of an executive director or officer of the subject company or other company having special relationship with the subject company
g: Receives compensation or other financial benefits as a senior executive of the parent company or subsidiary of the subject company
h: Has a limited liability contract with the subject company
i: Other

Relationship with the Company (2)

Name	Independent Director	Supplemental Explanation of Relationship	Reason Appointed as External Director (Including Reason for Designation as an Independent Director Where Applicable)
Haruo Ito	○	Senior Advisor, Fuji Electric Co., Ltd. Mr. Haruo Ito is a former Representative Director and current Senior Advisor of Fuji Electric Co., Ltd., a major shareholder of Fujitsu. Fujitsu holds 9.96% of the shares of Fuji Electric Co., Ltd., and a former representative director of Fujitsu serves as a Director of Fuji Electric. Both the former representative director and Mr. Ito were expressly recruited for their respective appointments based on the management credentials each possesses, and there is no risk that Mr. Ito's independence would be compromised in any way. Similarly, Fujitsu and the Fuji Electric Group have business dealings. However, taking into account the scale and nature of those transactions, the Company judges that Mr. Ito's independence will not be compromised.	Mr. Ito has been appointed as an external director because he has many years of experience in corporate management and has extensive knowledge of the Company's business operations. The Fuji Electric Group, including its retirement benefit trusts, as a whole holds an 11.20% equity stake in Fujitsu. However, as approximately four years have passed since Mr. Ito's resignation from his positions as Representative Director and Director of Fuji Electric Co., Ltd., Fujitsu has determined that there is no risk of a conflict of interest in representing the interests of regular shareholders. Therefore, Fujitsu considers him to be independent and has designated him as an independent director.
Takashi Okimoto	○	President and Representative Director, Chuo Real Estate Co., Ltd. Mr. Takashi Okimoto is a former representative director of Mizuho Corporate Bank, Ltd., the predecessor to Mizuho Bank, Ltd., one of the Company's important creditors. Because, however, the amount of money the Company has borrowed from Mizuho Bank, Ltd. is insignificant, Fujitsu has judged that it will not compromise Mr. Okimoto's independence. Mr. Okimoto is a representative director of Chuo Real Estate Co., Ltd., a company with which Fujitsu has business dealings. However, taking into account the scale of Fujitsu's sales, this is not considered material. Consequently, there is no risk that this business relationship would compromise Mr. Okimoto's independence.	Mr. Okimoto has been appointed as an external director because he has many years of experience in corporate management and has deep insights into finance. Because the current balance of funds Fujitsu has borrowed from Mizuho Bank Limited is insignificant, and because more than seven years have passed since Mr. Okimoto's resignation from his position as Representative Director of the Mizuho Corporate Bank, the predecessor of Mizuho Bank Limited, Fujitsu has thus determined that there is no risk of a conflict of interest in representing the interests of regular shareholders. Therefore, Fujitsu considers him to be independent and has designated him as an independent director.
Miyako Suda	○		Ms. Suda has been appointed as an external director because she has insights into monetary policy and management insights from a global perspective. Ms. Suda is the sibling of a former Representative Director of a subsidiary of Fujitsu. However, approximately five years has passed since the retirement of her sibling from the position of Representative Director. During this time the sibling has had no involvement with the executive management of the Fujitsu Group. Moreover, Ms. Suda has never been a major shareholder, nor has she held an executive management position with a major trading partner of the Company, and Fujitsu has thus determined that there is no risk of a conflict of interest in representing the interests of regular shareholders. Therefore, Fujitsu considers her to be independent and has designated her as an independent director.

Jun Yokota	○		Mr. Jun Yokota has been appointed as an external director because he is an expert in international economic negotiations and has deep insight into politics and economics from a global perspective. Mr. Yokota has never been a major shareholder nor has he held an executive management position with a major business partner of the Company. Therefore, Fujitsu considers him to be independent and has designated him as an independent director.

[Audit & Supervisory Board Members]

Existence of Audit & Supervisory Board	Yes
Number of Audit & Supervisory Board Members Under the Articles of Incorporation	Up to 5
Number of Audit & Supervisory Board Members	5

Coordination between Audit & Supervisory Board Members, Accounting Auditors, and Internal Auditing Division

The accounting auditor, Ernst & Young ShinNihon LLC, reports to the Audit & Supervisory Board concerning the audit plan and results. The accounting auditor also conducts exchanges of opinions when needed and carries out coordinated audits of business operations.

The Corporate Internal Audit Division (with 79 members) serves as an internal audit group. This division audits the internal affairs of the entire Fujitsu Group in cooperation with the internal audit groups of each Group company. The Corporate Internal Audit Division reports once a month as a rule to Audit & Supervisory Board members on the audit plans and results of internal audits, including matters relating to Group companies, and makes regular reports (once every quarter as a rule) to the Audit & Supervisory Board and the accounting auditors.

Appointment of External Audit & Supervisory Board Members	Yes
Number of Audit & Supervisory Board Members (External)	3
Number of Audit & Supervisory Board Members (External) Designated as Independent Members of Audit & Supervisory Board	3

Relationship with the Company (1)

Name	Type of Affiliation	Relationship with the Company*[1]								
		a	b	c	d	e	f	g	h	i
Megumi Yamamuro	Attorney at law				○				○	
Hiroshi Mitani	Attorney at law				○				○	
Koji Hatsukawa	Certified public accountant				○				○	

*[1] Categories describing relationship with the Company
a: From the parent company
b: From other affiliated company
c: Major shareholder of the subject company
d: Concurrently serves as external director or an Audit & Supervisory Board member (External) of other company
e: Executive director or officer of other company
f: A spouse or relative within the third degree of kinship or other equivalent persons of an executive director or officer of the subject company or other company having special relationship with the subject company
g: Receives compensation or other financial benefits as a senior executive of the parent company or subsidiary of the subject company
h: Has a limited liability contract with the subject company
i: Other

Relationship with the Company (2)

Name	Independent Member of the Audit & Supervisory Board	Supplemental Explanation of Relationship	Reason Appointed as Audit & Supervisory Board Member (External) (Including Reason for Designation as an Independent Member of Audit & Supervisory Board Where Applicable)
Megumi Yamamuro	○		Mr. Yamamuro has been appointed as an Audit & Supervisory Board member (External) because he has extensive experience in the legal field and extensive knowledge of legal matters, including Japan's Companies Act. Mr. Yamamuro has never been a major shareholder nor has he held an executive management position with a major business partner of the Company. Therefore, Fujitsu considers him to be independent and has designated him as an independent Member of the Audit & Supervisory Board.

Hiroshi Mitani	○	Mr. Mitani has been appointed as an Audit & Supervisory Board member (external) because he has a deep understanding of not only legal affairs, but also of economic, social, and other factors that affect the management of a company due to his service as a public prosecutor and as a member of the Fair Trade Commission. Mr. Mitani has never been a major shareholder nor has he held an executive management position with a major business partner of the Company. Therefore, Fujitsu considers him to be independent and has designated him as an independent member of the Audit & Supervisory Board.
Koji Hatsukawa	○	Mr. Hatsukawa has been appointed as an Audit & Supervisory Board member (external) because he has a wealth of auditing experience as a certified public accountant, and he has broad knowledge of corporate accounting. PricewaterhouseCoopers Aarata, where Mr. Hatsukawa served as CEO, has not performed accounting audits for Fujitsu. Fujitsu has thus determined that there is no risk of a conflict of interest in representing the interests of regular shareholders. Therefore, Fujitsu considers him to be independent and has designated him as an independent member of the Audit & Supervisory Board.

[Independent Directors/Independent Members of the Audit & Supervisory Board]

Number of Independent Directors/Independent Members of the Audit & Supervisory Board:	7

Other Issues Relating to Independent Directors/Independent Members of the Audit & Supervisory Board

All external directors/Audit & Supervisory Board members (External) qualified to serve as independent directors/independent members of the Audit & Supervisory Board are identified as such.

[Incentives]

Implementation Status of Incentive Policies for Directors:	Introduced compensation plan linked to the performance of the Company

Supplemental Explanation

Executive compensation is comprised of the following: "Base Compensation," specifically a fixed monthly salary in accordance with position and responsibilities; "Stock-Based Compensation," which is a long-term incentive that emphasizes a connection to shareholder value; and "Bonuses" that are compensation linked to short-term business performance. At the 107th Annual Shareholders' Meeting held on June 22, 2007, a resolution terminating the retirement allowance system for directors was passed.

Stock Option Eligibility:	–

[Compensation of Directors]

Disclosure of Individual Director's Compensation:	Partial disclosure only

Supplemental Explanation

Total consolidated compensation is disclosed for individual directors and Audit & Supervisory Board members only if they were paid ¥100 million or more.

No individual directors or Audit & Supervisory Board members met this criteria in fiscal 2013.

For fiscal 2013, total compensation to directors and Audit & Supervisory Board members was as follows:

• Directors	16 people, ¥453 million (Base compensation of ¥326 million, stock-based compensation of ¥38 million, bonuses of ¥89 million)
Of which, compensation paid to external directors:	5 people, ¥45 million (Base compensation of ¥45 million)
• Audit & Supervisory Board members	6 people, ¥107 million (Base compensation of ¥107 million)
Of which, compensation paid to Audit & Supervisory Board members (External) :	4 people, ¥41 million (Base compensation of ¥41 million)

*1 The above includes directors and Audit & Supervisory Board members who resigned in fiscal 2013.
*2 The limit on remuneration to directors (including external directors) was resolved to be ¥600 million per year at the 106th Annual Shareholders' Meeting held June 23, 2006. The limit on remuneration to Audit & Supervisory Board members (including Audit & Supervisory Board members (external)) was resolved to be ¥150 million per year at the 111th Annual Shareholders' Meeting held June 23, 2011. The Company is paying the compensation, shown above.

Policy on Calculation and Determination of Compensation Amounts:	Yes

Disclosed Policy on Calculation and Determination of Compensation Amounts

Executive Compensation Policy

To secure exceptional human resources required to manage the Fujitsu Group as a global ICT company and further strengthen the link between its financial performance and shareholder value, while at the same time improving its transparency, Fujitsu established its Executive Compensation Policy as follows.

Executive compensation is comprised of the following: "Basic Compensation," specifically a fixed monthly salary in accordance with position and responsibilities; "Stock-Based Compensation," which is a long-term incentive that emphasizes a connection to shareholder value; and "Bonuses" that are compensation linked to short-term business performance.

Basic Compensation

- Basic compensation is paid to all directors and Audit & Supervisory Board members, in accordance with their position and responsibilities, as compensation for work responsibilities with regard to management oversight and the carrying out of executive responsibilities.

Stock-Based Compensation

- Stock-based compensation, intended for directors responsible for carrying out executive duties, is a long-term performance incentive, with the amount to be paid determined based on a qualitative evaluation of medium- to long-term initiatives.
- Stock-based compensation is to be paid for the purchase of the Company's own shares. These purchases are to be made through the Director Stock Ownership Plan. Shares purchased for this purpose are to be held by each director for the term of his or her service.

Bonuses

- Bonuses are short-term performance incentives to be paid to directors who carry out executive responsibilities. The amount of a bonus is to reflect business performance in the respective fiscal year.
- As a specific method to calculate a bonus, Fujitsu will adopt a "Profit Sharing Model" which uses consolidated operating income and consolidated net income as an index. However, bonuses will not be paid in the event of negative net income recorded under non-consolidated accounting.

In accordance with a resolution of the Annual Shareholders' Meeting, the total amount of basic compensation, stock-based compensation and bonuses shall not exceed ¥600 million per year for directors or ¥150 million per year for Audit & Supervisory Board members.

[Support Structure for External Directors and External Audit & Supervisory Board Members]

Certain staff members of the Secretary Office are responsible for providing support to external directors and external Audit & Supervisory Board members. In addition, the Legal, Compliance, IP Unit (Secretariat of Board of Directors' meeting) and the Auditing Support Division (Secretariat of Audit & Supervisory Board meetings) are also responsible for providing support to external directors and external Audit & Supervisory Board members. This responsibility involves complying with requests from external directors and external Audit & Supervisory Board members to provide and explain information about Fujitsu or the entire Fujitsu Group that is required for management oversight or audits. Depending on the information, relevant business unit managers are made available to provide additional explanations. We also provide a dedicated webpage for all board members (directors and Audit & Supervisory Board members) to use to access and discuss material relevant to Board of Directors' meetings, such as agenda items, before meetings are held in order to allow board members to gain a proper understanding of the material.

The above measures are intended to provide indirect support to help external directors and external Audit & Supervisory Board members provide effective management oversight and auditing of the execution of duties throughout the entire Fujitsu Group by facilitating mutual communication during internal audits, statutory audits, and accounting audits.

2. Issues Relating to Functions for Business Execution, Auditing, Oversight, Nominating, and Compensation Decisions (Overview of Current Corporate Governance Structure)

(1) Overview of Corporate Governance Structure

BOARD OF DIRECTORS

The Company has a Board of Directors to serve as a body for making important decisions and overseeing management. The Board of Directors is responsible for supervising the President and Representative Director and the executive directors, which constitute business execution functions. Moreover, the supervisory function of the Board of Directors has been strengthened by actively appointing external directors. Furthermore, in order to better define the management responsibility of the directors, their terms were reduced from two years to one year in accordance with a resolution at the June 23, 2006 Annual Shareholders' Meeting.

The Board of Directors comprises 11 members in total: 5 executive directors and 6 non-executive directors (including 4 external directors).

AUDIT & SUPERVISORY BOARD

The Company has an Audit & Supervisory Board that performs the auditing function. The auditing function is carried out by Audit & Supervisory Board members, who review the Board of Directors as well as business execution functions and attend important meetings, including meetings of the Board of Directors.

The Audit & Supervisory Board has five members, comprising two internal Audit & Supervisory Board members and three external Audit & Supervisory Board members.

Among the Audit & Supervisory Board members, standing Audit & Supervisory Board member Mr. Kazuhiko Kato has extensive knowledge of finance and accounting issues due to his many years of experience in the Company, including service as the CFO. In addition, Audit & Supervisory Board member Mr. Hiroshi Mitani has extensive knowledge of finance and accounting issues due to his service as a public prosecutor and as a member of the Fair Trade Commission and his experience handling many economic matters. Furthermore, Audit & Supervisory Board member Mr. Koji Hatsukawa has extensive knowledge of finance and accounting issues due to his abundant auditing experience at global corporations as a certified public accountant.

EXECUTIVE NOMINATION COMMITTEE AND COMPENSATION COMMITTEE

The Company established an Executive Nomination Committee and Executive Compensation Committee as advisory bodies to the Board of Directors in order to ensure the transparency and objectivity of the process for choosing candidates for executives, determining their compensation and ensuring that the compensation system and levels are appropriate.

The Executive Nomination Committee takes into consideration the current business climate and anticipated trends, and makes recommendations on candidates for executives, choosing candidates having objectivity in making management decisions, foresight and perceptiveness, and superior character.

The Compensation Committee is tasked with making recommendations on executive salaries and methods for calculating bonuses linked to financial performance, taking into consideration compensation levels at other companies with similar business activities, business scale, and other factors. The aim of this activity is to retain superior management talent, and provide effective incentives for improving the Company's financial performance.

(2) Status of Business Execution Organs

The Company appoints Corporate Executive Officers and Executive Vice Presidents who are assigned the business execution authority of the President and Representative Director.

Furthermore, the Company has established a Management Council comprising the representative directors and the corporate executive officers to assist the President and Representative Director in making decisions.

(3) Status of Accounting Audits and Internal Audits

ACCOUNTING AUDITS

The accounting auditor, Ernst & Young ShinNihon LLC, reports to the Audit & Supervisory Board concerning the audit plan and results. The accounting auditor also conducts exchange of opinions when needed and carries out coordinated audits of business operations. The four certified public accountants associated with Ernst & Young ShinNihon LLC who performed the accounting audit were Yasunobu Furukawa, Yuichi Mochinaga, Tsuyoshi Saita, and Akiyuki Matsumoto. In addition, they were assisted by a further 31 certified public accountants, 34 accounting assistants, and another 58 persons, all associated with Ernst & Young ShinNihon LLC.

INTERNAL AUDITS

The Corporate Internal Audit Division (with 79 members) serves as an internal audit group. This unit audits the internal affairs of the entire Fujitsu Group in cooperation with the internal audit groups of each Group company. The Corporate Internal Audit Division reports once a month as a rule to the standing members of the Audit & Supervisory Board on the audit plans and results of internal audits, including matters relating to group companies, and makes regular reports (once every quarter as a rule) to the Audit & Supervisory Board and the accounting auditors.

The Corporate Internal Audit Unit includes a significant number of employees with specialist internal auditing knowledge, including Certified Internal Auditors (CIA), Certified Information Systems Auditors (CISA), and Certified Fraud Examiners (CFE).

3. Reasons for Selecting the Current Corporate Governance Structure

The current structure clarifies the management responsibility of the members of the board, who, after their election at the annual meeting of shareholders, become involved in making decisions about important matters concerning the management of the Company. Furthermore, the current structure maintains the robustness and efficiency of governance by having the dual features of (1) the mutual monitoring by the members of the Board of Directors and (2) the audits by the Audit & Supervisory Board members. At the time of the introduction in Japan of the corporation-with-committees governance system, Fujitsu was using the company with an Audit & Supervisory Board members system, and since the Audit & Supervisory Board members were performing the auditing function effectively, we have continued to use the system.

The Company maintains the robustness of its governance system by having an effective auditing function in which Audit & Supervisory Board members who are independent of the management perform objective audits, by actively appointing external directors, and by having established the Executive Nomination Committee, Compensation Committee and an internal audit organization. Finally, to further improve efficiency, we have established a Management Council, which has accelerated decision making and management execution.

III. IMPLEMENTATION OF POLICIES REGARDING SHAREHOLDERS AND OTHER STAKEHOLDERS

1. Initiatives to Enliven Annual Shareholders' Meetings and Facilitate Voting

	Supplemental Information
Distribute invitation notices to Annual Shareholders' Meeting early	To give shareholders sufficient time to exercise voting rights, we make efforts to send invitation notices three weeks prior to the Annual Shareholders' Meeting. Furthermore, the Notice of Convocation is disclosed on the Company website and other media before it is sent to shareholders with a view to providing information to shareholders as quickly as possible.
Schedule Annual Shareholders' Meeting to Avoid Busiest Days of Overlap with Other Corporations' Annual Meetings	To facilitate the attendance of as many shareholders as possible, since the Annual Shareholders' Meeting held in June 2001, we have scheduled our Annual Shareholders' Meeting to avoid the busiest days of overlap with other corporations' annual meetings.

Utilize Electronic Methods for Exercise of Voting Rights	To improve convenience and facilitate the exercise of voting rights for shareholders who are unable to attend the Annual Shareholders' Meeting, since the Annual Shareholders' Meeting held in June 2002, we have accepted the exercise of voting rights through electronic methods, and since the Annual Shareholders' Meeting held in June 2006, we have been using a platform to allow institutional investors to electronically exercise voting rights.
Participation in Electronic Proxy Voting Platform and Other Measures to Enhance the Proxy Voting Environment for Institutional Investors	Fujitsu participates in the electronic proxy voting platform operated by Investor Communications Japan (ICJ) as part of its efforts to enhance the proxy voting environment for institutional investors.
Availability of English-language Notice of Convocation of Annual Shareholders' Meeting (summary of Japanese)	Fujitsu creates an English-language Notice of Convocation of the Annual Shareholders' Meeting (contents correspond to the Japanese version of the notice and business report) and sends the notice to foreign investors in order to promote a wider understanding of the proposals presented at the shareholders' meeting. The notice is disclosed on the Company website the same day as the Japanese version as part of our policy to disclose information in a prompt, accurate, and fair manner.
Other	To clarify the results of voting at the Annual Shareholders' Meetings, in addition to public notification of the results of the Shareholders' Meetings, beginning with the Annual Shareholders' Meeting held in June 2010, Fujitsu began posting the numbers of votes for and against each resolution on its website.

2. Investor Relations Activities

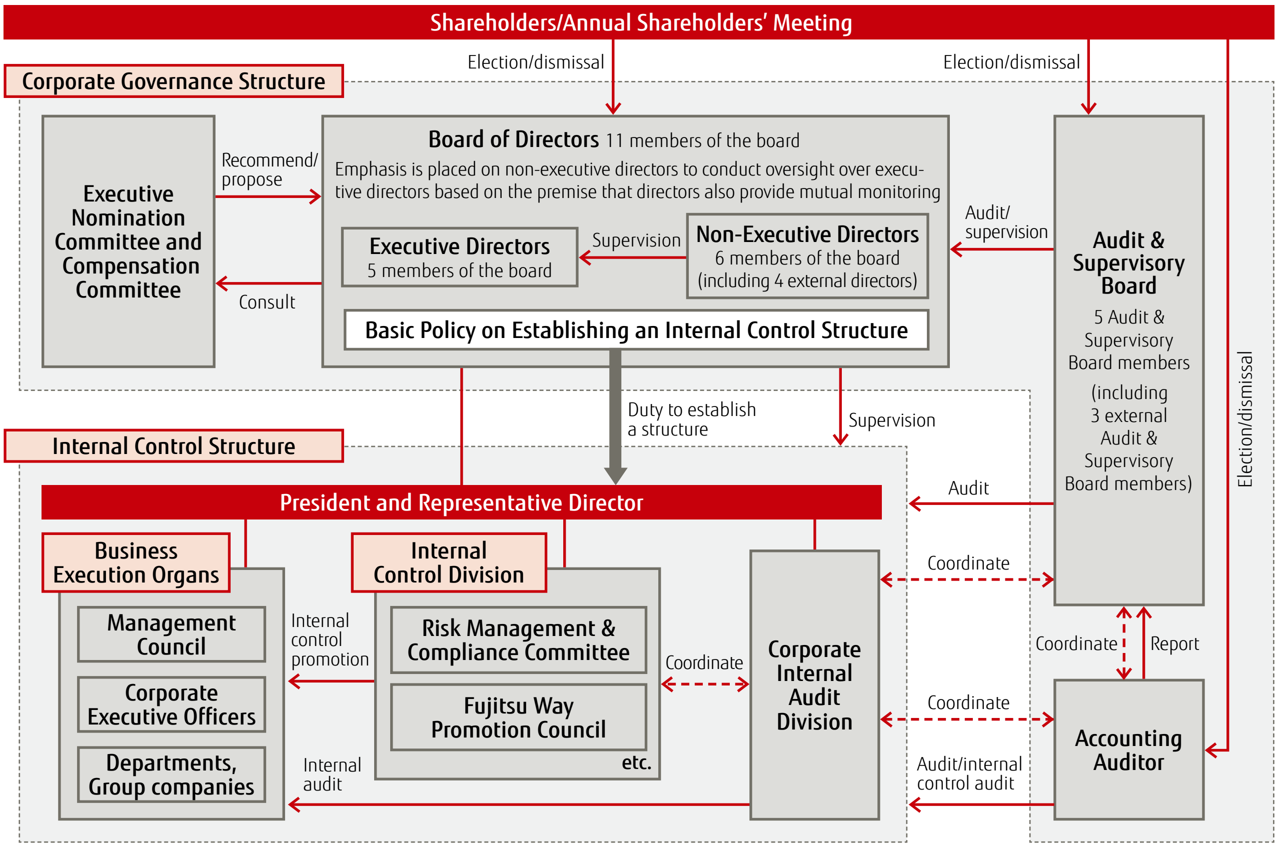
	Supplemental Information	Explanation by Company Representatives
Creation and Publication of Disclosure Policy	**Creation and Publication of Disclosure Policy** Fujitsu has established the following disclosure policy and made the policy available on its website. **Disclosure Policy** The Fujitsu Group's corporate philosophy is articulated as the "Fujitsu Way," comprised of our Corporate Vision, Corporate Values, Principles, and Code of Conduct. By sharing and practicing the Fujitsu Way, we aim to continuously enhance the value of the enterprise through the continuous growth and development of the Fujitsu Group. Our basic policy on disclosure is to enhance our management transparency by appropriate and timely disclosure of our business activities and financial information. This ensures that investors, shareholders, and all other stakeholders can understand how we are performing in enhancing our corporate value. **Basic Policy on Information Disclosure** Fujitsu emphasizes fairness and continuity in disclosure of information, in accordance with the Financial Instruments and Exchange Act and other laws and regulations, as well as the rules of the exchanges on which its shares are listed. Moreover, our policy is to be proactive in disclosing any information that we judge to be effective for helping shareholders, investors, and other stakeholders to deepen their understanding of Fujitsu, even if such disclosure is not required by laws, regulations, or other rules. **Methods of Information Disclosure** Fujitsu uses prescribed information disclosure methods (TDnet, EDINET, etc.) to disclose information which it is required to disclose by law or regulation. Following disclosure, materials containing the disclosed information may be made available on the Company's website if deemed necessary. The Company may also disclose information which it is not required to disclose by law or regulation. In these cases, the Company will disclose the information as necessary, using an appropriate method of disclosure (press release, website disclosure, seminar presentation, etc.) based on the contents. **Forward-Looking Statements** Forward-looking statements included in disclosed information are based on management's views and assumptions at the time the information was disclosed. A variety of changes in the internal and external business environment may cause actual results to differ materially from those expressed or implied in such statements. The Company strives to enhance the accuracy of forward-looking statements, and in cases where its outlook changes, the Company discloses the change as necessary using an appropriate disclosure method. **Silent Period** The Company institutes a silent period beginning the day after its quarterly financial settlement date until the day of the financial results announcement as a way to prevent financial information from being disclosed prior to the formal announcement. During the silent period, the Company does not respond to inquiries regarding its financial results. If the possibility arises that the Company's financial results will differ significantly from previous forecasts, however, the Company will disclose the change appropriately during the silent period.	
Regular Presentations to Individual Investors	Although currently we do not hold presentations for individual investors, we have a dedicated investor relations website for individual investors (in Japanese). In addition, through the inquiry form on our investor relations website and other measures, we are working to improve relations with individual investors.	No
Regular Presentations to Analysts and Institutional Investors	We hold regular presentations, including presentations by the president on our management direction, presentations by the president and CFO on our earnings results, and presentations by various senior executives on business strategy for the operations they oversee. In addition, media are always invited to the briefings by the president, CFO, and heads of businesses, with the understanding that individual investors can thereby obtain information through reports that appear in the media.	Yes

	Supplemental Information	Explanation by Company Representatives
Regular Presentations to Foreign Investors	The CFO meets with foreign institutional investors regularly. We also have IR managers stationed in Europe and the US who meet and communicate regularly with investors, not just at the time of earnings announcements. We also take materials from IR presentations held in Japan, translate them into English, and post them to our English IR website, including English translations of Q&A sessions.	Yes
Posting of IR Materials to Website	We post the Yukashoken Hokokusho (Financial Report) in Japanese, the Jigyo Hokoku (Business Report) in Japanese and English, the Annual Report in Japanese and English, Tanshin (Financial Earnings) reports in Japanese and English, and various other IR presentation materials in Japanese and English. Also posted in English and Japanese is the Fujitsu Group Sustainability Report. Additionally, all materials accompanying the invitation notice to the Annual Shareholders' Meeting are posted on our website.	
Unit Dedicated to IR Activities	The officer in charge of IR activities is the CFO; the division in charge of IR activities is the Public and Investor Relations Division.	
Other	In addition to the above, along with posting materials from presentations made to institutional investors and securities analysts on our website, we broadcast streaming video of these presentations.	

3. Initiatives in Consideration of the Position of Stakeholders

	Supplemental Explanation
Internal Company Rules Reflecting Consideration for the Position of Stakeholders	The philosophy and principle of the Fujitsu Way, the guide for the actions of the Group and its employees, is to bring about a prosperous future that fulfills the dreams of people throughout the world. As part of our Values, we strive to meet the expectations of all stakeholders, including customers, shareholders, investors, business partners, and employees.
Activities Promoting CSR and Environmental Protection	In all its business activities, by implementing the Fujitsu Way in light of the expectations and needs of multiple stakeholders, the Fujitsu Group contributes to the sustainable development of society and the planet. Fujitsu became a signatory to the UN Global Compact in December 2009, and has declared its intention to strengthen Corporate Social Responsibility (CSR) activities from a global perspective. In addition, the Fujitsu Group set out a CSR policy in December 2010 that identifies five priority issues to be tackled.* Since 2011, Fujitsu has conducted CSR audits on 117 of its Group companies in and outside of Japan in accordance with ISO 26000, an international standard for social responsibility in order to ascertain the status of each company's activities every year. Based on the results, Fujitsu will further strengthen its initiatives on high priority issues requiring action such as human rights and labor. At the same time, the Company will continue to develop globally oriented CSR activities that are fully integrated with management. With respect to environmental activities, the Fujitsu Way clearly states that "in all our actions, we protect the environment and contribute to society." This is a value that Fujitsu continues to actively strive to achieve. From fiscal 2013, Fujitsu has newly formulated Stage VII of the Fujitsu Group Environmental Action Plan, and started the next three years' activities. Fujitsu also extended its environmental management system to overseas consolidated subsidiaries, receiving integrated global ISO 14001 certification. Our Approach to CSR http://www.fujitsu.com/global/about/responsibility/ * Corporate Social Responsibility Policy and Five Priority Issues http://www.fujitsu.com/global/about/responsibility/philosophy/policies/
Policies to Promote the Provision of Information to Stakeholders	With respect to our disclosure policies, we recognize that prompt and appropriate disclosure of company information to shareholders and investors as well as securities analysts is essential to the proper functioning of the securities markets, and we disclose information in compliance with the Securities and Exchange Law and regulations of the stock exchanges on which we are listed. Even if we are not legally required to do so under the regulations, and even if the content of the information is unfavorable to Fujitsu, if we deem the information to be material to investment decisions, our basic policy is to disclose the information in a manner that is prompt, accurate, and fair. Moreover, in consideration of the position of customers, communities, and other stakeholders, our basic policy is to disclose information we deem necessary to disclose, including information that may be unfavorable to Fujitsu, in a manner that is prompt, accurate, and fair.
Other	Fujitsu promotes a customer-centric management perspective in order to be a trusted and valued partner to our customers. In order that all employees adopt a customer-centric mindset and apply it to their daily work, Fujitsu is deepening its commitment in each business unit to previously initiated management quality improvement activities and working to create an organizational framework to facilitate continuous improvement from a customer-centric perspective. As one specific initiative, when Fujitsu customer care centers and contact lines receive ideas and suggestions relating to products and systems for corporate customers or complaints about employee behavior that is in violation of the Fujitsu Way, the matter is swiftly transmitted to management and the information is shared.

IV. BASIC STANCE ON INTERNAL CONTROL FRAMEWORK AND STATUS OF IMPLEMENTATION



1. Basic Stance on Internal Control Framework and Status

1. OBJECTIVE

To continuously increase the corporate value of the Fujitsu Group, it is necessary to pursue management efficiency and control risks arising from business activities. Recognizing this, the Directors who are entrusted with the management of the Company by the shareholders, present to the shareholders, who have entrusted authority in them, the basic stance regarding a) how to practice and promote the FUJITSU Way, the principles that underlie the Fujitsu Group's conduct, and b) what systems and rules are used to pursue management efficiency and control the risks arising from the Company's business activities in the application of their management approach, as described below.

2. SYSTEMS TO ENSURE THAT DIRECTORS CARRY OUT THEIR RESPONSIBILITIES EFFICIENTLY

(1) Management Execution Decision Making and Management Execution Structure

a. The Company has Corporate Executive Officers and Executive Vice Presidents (hereafter, the Representative Directors, Corporate Executive Officers, and Executive Vice Presidents are referred to collectively as "Senior Management") who share management execution authority with the President and Representative Director, and the Corporate Executive Officers and Executive Vice Presidents carry out decision-making and management execution in accordance with their responsibilities.
b. The Company has a Chief Financial Officer who is responsible for managing finance and accounting for the Fujitsu Group.
c. The Company has a Management Council made up of Representative Directors and Corporate Executive Officers to assist the President and Representative Director in decision-making.
d. The President and Representative Director puts in place systems and procedures (Management Council rules, systems for approvals and reaching decisions) needed for decision-making by Senior Management and employees entrusted by Senior Management with authority.
e. The President and Representative Director reports financial and business results at each regularly-scheduled meeting of the Board of Directors, makes periodic reports to the Board of Directors on the operational status of "Basic Stance on Internal Control Framework," and receives confirmation that operations are being undertaken correctly.

(2) System to Promote More Efficient Operations

a. The Company has an organization that uses reforms to the Fujitsu Group's business processes to promote higher productivity, lower costs, and expenditure controls, and it pursues more efficient management.

3. RULES AND OTHER SYSTEMS RELATING TO MANAGING THE RISK OF LOSSES

(1) System for Managing the Risk of Losses in General

a. The Company aims to maintain the business continuity of the Fujitsu Group, increase its corporate value, and sustainably expand its business activities. In order to deal with risks that pose a threat to achieving these goals, the Company has a Risk Management & Compliance Committee, which overseas risk management for the entire Fujitsu Group. The Company also assigns certain departments to be responsible for specific kinds of risks, and has appropriate systems in place for risk management.

b. The Risk Management & Compliance Committee constantly assesses and verifies risks that might cause losses to the Fujitsu Group. When risks are identified in business operations, it works to control the risk, such as by formulating preventative measures, and attempts to minimize the loss that might result.

c. To minimize losses from any risks that arise, the Risk Management & Compliance Committee, through the systems described in paragraph "a" above, periodically analyzes any risks that have arisen, reports on them to the Board of Directors and any other relevant person or organization, and takes action to prevent a recurrence of such risks.

(2) Systems for Managing the Specific Risks of Losses

In addition to the Risk Management & Compliance Committee, the Company has risk management systems that include the following to deal with specific risks of losses it identifies in its business operations.

a. Risk Management System for Defects in Products and Services
- The Company has a quality-assurance system designed to analyze defects in Fujitsu Group products and services and prevent them from recurring. In particular, it has an organization that continuously works to improve quality, contracts, and rules to ensure that social infrastructure systems run reliably.

b. Management System for Contracted Development Projects
- To prevent the emergence of unprofitable projects among its contracted development projects, such as systems integration projects, the Company has a specialized organization that monitors risks relating to project negotiations and project execution.
- This specialized organization creates a monitoring process for contract amounts, contract terms, quality, expenses, deadlines and other relevant items, and monitors projects under consistent conditions.
- Based on the results of this monitoring, the specialized organization issues corrective recommendations to relevant projects.

c. Security System
- The Company has an organization to deal with cyber-terrorism, unauthorized use, and data breaches in the services it provides.

(3) Responses to Management Risks

a. System to Manage Financial Risks
- Financial risks are under the purview of the Chief Financial Officer.

b. Systems to Manage Other Forms of Management Risk
- Other forms of Management risks, including market trends and price competition, are handled by each department according to a division of responsibilities established by the President and Representative Director.

4. SYSTEMS TO ENSURE THAT BUSINESS EXECUTION OF DIRECTORS AND EMPLOYEES COMPLIES WITH LAWS, REGULATIONS AND ARTICLES OF INCORPORATION

(1) Compliance System

a. Senior Management adheres to the Code of Conduct in the FUJITSU Way as a basic philosophy for compliance issues, including compliance with laws, regulations and the articles of incorporation, and proactively promotes the Group's overall compliance based upon its ethics as Senior Management.

b. The Risk Management & Compliance Committee has purview over compliance matters for the Fujitsu Group, which it executes as follows.
- It ensures scrupulous adherence to the Code of Conduct in the FUJITSU Way among all Fujitsu Group employees through ongoing educational efforts.
- It clarifies the laws and regulations that relate to the Fujitsu Group's business activities and establishes internal rules, education, and oversight systems to ensure compliance with them to promote compliance throughout the Group.
- When Senior Management or employee recognizes a serious compliance violation or when a situation may appear to present one relating to the performance of the responsibilities of Senior Management or an employee, the Risk Management & Compliance Committee makes such person immediately report such fact to the Committee via the normal chain of command.
- To ensure that compliance problems can be discovered quickly and handled appropriately through an alternative communications channel apart from the normal chain of command, it establishes and operates an internal reporting system that safeguards the reporter.
- The Risk Management & Compliance Committee immediately reports serious compliance violations or situations that may appear to present one to the Board of Directors and any other relevant person or organization.

(2) System to Ensure Proper Financial Reporting

a. The Company has, apart from the organization that prepares financial reports, an organization under the Chief Financial Officer responsible for establishing, operating, and evaluating internal control over Fujitsu Group financial reporting, to ensure the effectiveness and reliability of financial reports.

b. These organizations create unified accounting policies shared throughout the Fujitsu Group and rules for establishing, operating, and evaluating internal control over financial reporting.
c. The organization responsible for establishing, operating, and evaluating internal control over financial reporting periodically reports to the Board of Directors and any other relevant person or organization the results of evaluations of the effectiveness the internal control.

(3) System for Information Disclosure
The Company has a system to ensure timely and fair disclosure of company information.

(4) Internal Auditing System
a. The Company has an organization that conducts internal audits of business execution (the "Internal Auditing Organization"), and ensures its independence.
b. The Internal Auditing Organization establishes internal auditing rules and conducts audits based on those rules.
c. The Internal Auditing Organization liaises with internal auditing organizations in other Group companies to internally audit the Fujitsu Group as a whole.
d. The results of internal audits are periodically reported to the Board of Directors, Audit & Supervisory Board and other relevant person or organization of the Company and of other relevant Group companies.

5. SYSTEM FOR STORING AND MANAGING INFORMATION IN ACCORDANCE WITH THE EXECUTION OF DIRECTORS' RESPONSIBILITIES
a. Senior Management assigns people with the responsibility for storing and managing documents, and, in accordance with internal rules, appropriately stores and manages the following documents (including electronic records) related to the execution of Senior Management' responsibilities, along with other important information.
- Minutes of Annual Shareholders' Meetings and related materials.
- Minutes of Board of Directors' meetings and related materials
- Other minutes and related materials involved in important decision-making meetings.
- Approval documents and related materials involving Senior Management decisions.
- Other important documents that relate to the performance of Senior Management's responsibilities.
b. To verify the status of management execution, the Directors and Audit & Supervisory Board Members have access at any time to the documents in paragraph "a" above, and people with the responsibility for storing and managing documents establish systems to enable Directors Audit & Supervisory Board Members to access the documents at any time in response to requests for the documents by Directors or Audit & Supervisory Board Members.

6. SYSTEM TO ENSURE THE PROPERNESS OF FUJITSU GROUP OPERATIONS
a. In addition to creating and instituting the above systems and rules for the Fujitsu Group, the Company provides direction, support, and oversight of the creation of efficient, legal, and proper business execution systems of other Group companies.
b. The Company institutes the Fujitsu Group Management Policy to define the roles, responsibilities, scope of authority, decision-making methods, application of shared rules and other items relating to Group management for each company in the Group.
c. The President and Representative Director determines the departments with oversight responsibility for each Group company, and the Corporate Executive Officers assigned with executive responsibility over those departments, through each Group company's Representative Director, implement paragraph "a" above and make each Group company adhere to the Fujitsu Group Management Policy.
d. The Senior Management of the Company and other Group companies share information on Fujitsu Group management strategies and on issues relating to the achievement of Group goals through periodical meetings or other sufficient measures, and cooperate on Group business management.

7. SYSTEM TO ENSURE THE PROPERNESS OF AUDITS BY THE AUDIT & SUPERVISORY BOARD MEMBERS
(1) Ensuring the Independence of Audit & Supervisory Board Members
a. The Company has an Auditing Support Division with employees assigned to assist Audit & Supervisory Board Members in carrying out their duties. Appropriate employees with the ability and expertise required by the Audit & Supervisory Board Members are assigned to the Division.
b. In order to ensure the independence of the employees in the Auditing Support Division, Senior Management determines personnel matters relating to their appointment, transfer and compensation in prior consultation with the Audit & Supervisory Board Members.
c. In principle, Senior Management does not assign employees in the Auditing Support Division to other divisions or duties. In instances, however, where a need arises to give dual assignments to employees with specialized knowledge in response to requests from Audit & Supervisory Board Members, care is given to ensuring their independence in accordance with paragraph "b" above.

(2) Reporting System
a. Senior Management of Fujitsu and Group companies provides the Audit & Supervisory Board Members with the opportunity to attend important meetings.

b. In cases where risks arise that could affect management or financial results, or when there is an awareness of major compliance violations, or the possibility of major compliance violations, in connection with the execution of business activities, Senior Management of Fujitsu and Group companies immediately report them to the Audit & Supervisory Board Members.
c. Senior Management of Fujitsu and Group companies periodically report to the Audit & Supervisory Board Members on the status of business execution.

(3) Ensuring the Effectiveness of Audits by the Audit & Supervisory Board Members
a. Senior Management of Fujitsu and Group companies periodically exchange information with the Audit & Supervisory Board Members.
b. The Internal Auditing Organization periodically reports audit results to the Audit & Supervisory Board Members.

2. Basic Stance and Preparedness for Rejection of Antisocial Elements

BASIC STANCE ON REJECTION OF ANTISOCIAL ELEMENTS

In the Fujitsu Way, the Fujitsu Group's Code of Conduct calls for respect for and compliance with laws and socially accepted rules. Accordingly, our basic stance is to take a resolute attitude toward antisocial elements and have absolutely no dealings with them.

PREPAREDNESS REGARDING REJECTION OF ANTISOCIAL ELEMENTS

We maintain a system that can quickly respond when necessary by designating a centralized response department, creating a common Group manual, maintaining liaisons and exchanging information with outside legal counsel, police, and specialist organizations, as well as by carrying out training and keeping employees fully informed about the workplace.

V. OTHER

1. Adoption of Takeover Defense Measures

Adoption of Takeover Defense Measures:	No

Supplemental Explanation

Because raising corporate value is ultimately the best defense against potential takeovers, we are focusing our efforts on raising corporate value. At the present time, we have not put in place any takeover defense measures.

2. Other Provisions Relating to Corporate Governance

The following is the status of the Company's internal structure for timely information disclosure.

1. Internal Structure for Timely Disclosure of Corporate Information

The Company endeavors to quickly and accurately grasp information (decisions, events, and financial results) related to the business, operation, and financial performance of each of its business divisions, the organizations responsible for business operations. This information is used to improve management, and the Company uses the following deliberation and decision-making structure to ensure timely disclosure of the information in cases where the information is important and necessary for investors.

(1) Important management matters are deliberated and decided by the Management Council.
Among the matters deliberated by the Management Council, items of significant importance are decided by the Board of Directors.
Each business division conducts business under the control of the Management Council and the Board of Directors, which are the decision-making bodies.

(2) Each business division reports matters of importance to the Company's business, operation, or financial performance to the Management Council or the Board of Directors on a regular and as-needed basis.
Each business division has established a structure to conduct risk management within its own organization. Under this structure, each business division controls the gathering of information about risks that have occurred and other risk information within its organization and is constantly enhancing its structure to quickly and accurately grasp and report on events and other risk information.

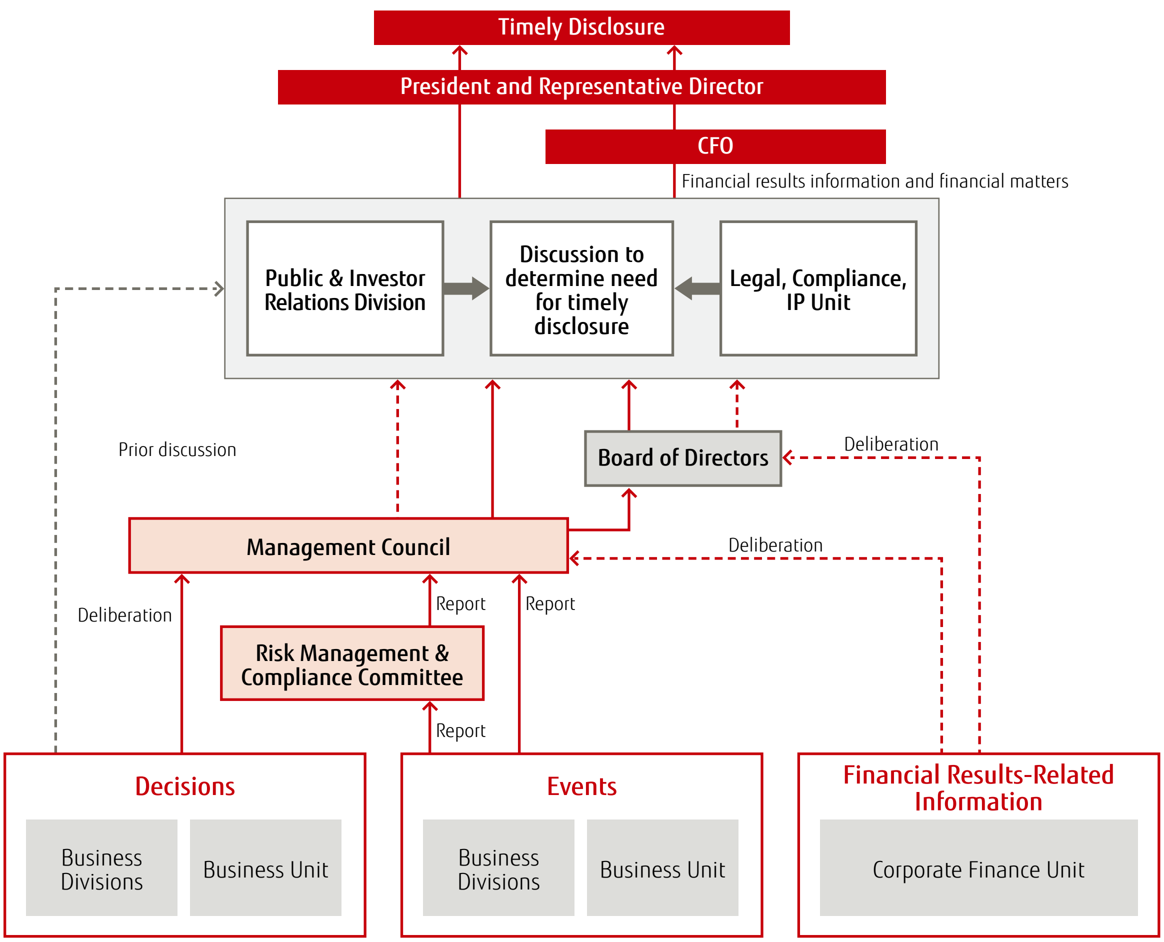
(3) The Corporate Finance Unit reports financial results, revisions to financial results and forecasts, dividends and other information to the Board of Directors, based on financial information gathered from each business division.

Based on information disclosure regulations, the Legal Unit and Public & Investor Relations Division jointly review decisions, events, and financial results gathered as explained above to confirm the timeliness and accuracy of the information in relation to disclosing it to investors. The Company's president and representative director conducts a final review of the information before the information is disclosed to investors in a timely and accurate manner. With regard to financial results and financial items included in decisions or events, the chief financial officer (CFO) approves the information prior to the final review by the president and representative director.

2. Internal System Confirmation Function for Timely Information Disclosure

(1) The Company has established the Fujitsu Way Promotion Council and Risk Management & Compliance Committee to enhance the internal structure for timely information disclosure by providing organizational support for the gathering and reporting of risk information. These organizations support and promote the risk management activities carried out by each business division.
The Risk Management & Compliance Committee oversees a help-line system to promptly gather information on inappropriate activities within the Company, as part of the measures to prevent impropriety, including activities related to information disclosure.

(2) The Company has established a Corporate Internal Audit Unit to audit the status of the internal control function and internal events (including risk information).
The Corporate Internal Audit Unit continuously audits the risk management structure of each business division and contributes to the maintenance and improvement of the accuracy and appropriateness of information regarding the business, operation, and financial performance of the entire Group, including subsidiaries.



BUSINESS AND OTHER RISKS

Listed below are the principal business and other risks affecting the Fujitsu Group (Fujitsu Limited and its consolidated subsidiaries) that we believe may influence investors' decisions. We are aware of and have evaluated these risks and are making efforts to prevent, mitigate, transfer, and control potential risks, and minimize the impact should these risks actually arise. Please note that the following is not an exhaustive list of all the risks that may affect the Group. Among the risks listed below are some items related to future developments, but the list only includes items that the Group deems necessary to publicly disclose as of the date of submission of these materials.

1. Economic and Financial Market Trends

Economic and financial market trends have an impact on the Group's business results, financial base and other aspects of its operations. Examples of such risks are listed below.

1) Economic Trends in Key Markets

The Fujitsu Group provides ICT services, server and storage products, network products, as well as semiconductors and other components, to clients in corporate and public institutions, as well as consumers in Japan and every region of the globe. Hence, sales and income generated from these operations are greatly affected by economic conditions in each respective market. The economic trends in our key markets, namely Japan, North America, Europe, and Asia (including China), can significantly impact Fujitsu Group operations.

2) High-Tech Market Volatility

The ICT sector is periodically subject to dramatic changes in the balance of supply and demand that exceed the scope of normal cyclical market variations. This tendency is particularly evident with regard to semiconductors, PCs, and other general-purpose products. The Fujitsu Group gives ample consideration to market cycles and volatility when deciding to develop new global technology solutions and other businesses, launch new products, initiate volume production, or scale back production, among other actions. Nonetheless, we may fail to accurately forecast market changes or changes in market conditions could exceed our forecasts. Accordingly, there is a risk that we may be unable to recoup investment costs, as well as the risk of opportunity losses. Further, the Group continuously implements structural reforms in a bid to respond to market changes. However, drastic market changes could force us to enact structural reforms on a far greater scale than initially expected, resulting in a temporary increase in related expenses.

3) Exchange Rates

The Fujitsu Group is expanding its business outside Japan. As a result, sudden fluctuations in US dollar, euro and British pound exchange rates and other factors could have a significant impact on sales and income, resulting in such factors as the lowering of competitive pricing for the services and products that we deliver outside Japan. Sudden fluctuations in exchange rates can also affect the cost of components and materials that we import from outside Japan, as well as the various products that we export. In addition, with respect to assets held by the Group outside Japan, as well as liabilities, there is the possibility that exchange rate fluctuations could lead to depreciation of assets and/or appreciation of liabilities.

4) Interest Rates

The Fujitsu Group has interest-bearing loans which include debt directly impacted by interest rate fluctuations. Consequently, rising interest rates could increase borrowing costs.

5) Capital Markets

Stock market trends in and outside of Japan have a substantial effect on the value of Group stockholdings in other companies and the management of pension assets. Weak stock market performance could thus force us to incur losses on the devaluation of marketable securities held or a reduction in pension assets, exposing the Group to the risk of higher valuation losses or additional pension obligations.

2. Customers

Fujitsu Group operations are highly influenced by the business trends of customers. Examples of potential risks are described below.

1) Changes in Customers' ICT Investment Trends

A growing proportion of our technology solutions and other businesses is with the public institutions such as the Japanese, local and foreign governments; telecommunications carriers; financial services institutions; and large manufacturers. The business environment within these industries, including shifting market trends and structural reforms, could lead to changes in customers' IT investment trends, having a significant impact on Group sales and profitability. In addition, the trends in sales of our customers' products and services have a large impact on the demand for and prices of the Group's products and services. Accordingly, soft demand and falling prices for customers' products and services, a decline in the size of customers' businesses, or customers' reduced market share, as well as restrains on customer ICT investments could negatively impact Group sales and earnings.

In our business outside Japan, for example, government-related projects in the UK are an especially important part of our business. Accordingly, changes and restraints placed on the ICT investment plans of the UK government could impact sales and profitability.

2) Ability to Maintain Long-Term Relationships with Customers

The Fujitsu Group is creating long-lasting ties with its customers, striving to be a valued and trusted business partner and provide solutions across the full IT system lifecycle. Accordingly, business stability hinges on maintaining relations with customers. An inability to maintain trusted relationships with such customers, or the failure to renew contracts with them, could therefore affect sales and profitability.

3. Competitors and the Industry

The ICT sector is characterized by intense competition and fast-paced technological innovation. Events within the industry or actions by competitors could therefore have a substantial impact on our business results. Examples of such potential risks are listed below.

1) Price Competition

Changes in market environments, intensifying competition, technological innovation and other factors may cause prices for products and services to decline.

Anticipating such technology- and competition-driven price reductions for ICT services, including cloud computing, and the escalation of PC prices, we are pursuing a variety of measures to reduce costs, as well as efforts to expand sales of competitive products and services derived from an awareness of customer needs and industry trends.

Despite these steps, the Group still faces the risk of larger-than-expected declines in prices, as well as being unable to achieve cost reductions or sales growth due to fluctuations in procurement costs. Any of these risks could negatively impact Group sales and profitability.

2) Competition from New Market Entrants and Others

In addition to challenges posed by existing industry peers, competition from new market entrants continues to intensify in the ICT sector. Today, new entrants continue to emerge in market areas where the Fujitsu Group has a competitive advantage, thus entailing the risk that we may lose our competitive edge or fail to secure a clear competitive advantage in future business operations.

3) Competition in Technology Development

Technological advancement in the ICT sector occurs at an extremely fast pace, leading to rapid turnover in new products and technologies. In this context, remaining competitive requires the continuous development of state-of-the-art technology. While the Fujitsu Group does its utmost to maintain highly competitive technologies by expanding into markets such as cloud computing and smartphones, a loss in competitiveness versus other companies in the race to develop innovative technologies could lead to a decline in the Group's market share and profitability, which would negatively impact sales and earnings. Further, sales and profitability could be affected by the development of groundbreaking technologies and services by competitors that would severely compromise the value of the Group's services and products.

4. Suppliers, Alliances, etc.

In the course of its operations, the Fujitsu Group conducts business with a wide range of suppliers and alliance partners. Accordingly, any significant changes in relationships with these and other business partners could affect the Group's business.

1) Procurement

The Fujitsu Group utilizes sophisticated technologies to provide a range of products and services. There is therefore a risk that we may encounter difficulties in procuring a stable supply of certain key components or raw materials, or in cases where regular supply channels are unavailable, that we may be unable to secure alternative procurement sources. There is also the risk that the Group may be unable to sufficiently procure certain parts or raw materials in the large volumes required. Moreover, natural disasters, accidents, and other events, as well as any deterioration in business conditions at suppliers, could hinder the ability of business partners to provide the Group with a stable supply of required components or raw materials. The Fujitsu Group has taken a variety of measures to strengthen the resilience of its supply chain, including moving to multiple sources for procurement, working on or strengthening support for business continuity management (BCM) initiatives of suppliers, and holding a sufficient supply of inventories. Despite these efforts, inadequate supplies of parts and raw materials could cause delays in the provision of products and services, resulting in postponement of deliveries to customers and opportunity losses. In respect to procurement of components and other materials, foreign exchange rate fluctuations, tight supply and demand conditions, and other pressures could drive procurement costs higher than initial estimates, leading to diminished returns on products and services, as well as lower sales due to the higher prices. Additionally, while we make every effort to ensure the quality of procured components, we cannot guarantee that all components purchased will be free of defects. The discovery of such issues could result in processing delays, as well as defective products, opportunity losses, repair costs, and disposal costs for defective goods, plus the potential obligation to pay damages to customers.

2) Collaborations, Alliances and Technology Licensing

To enhance competitiveness within a global ICT business environment, the Fujitsu Group works with a large number of companies through business alliances, technology collaborations, joint ventures and other means, a practice that we intend to actively continue in the future. If, however, as a result of managerial, financial, or other causes, it becomes difficult to establish or maintain such collaborative ties or to gain sufficient results from them, the Group's business could be adversely affected. Moreover, many of our products and services employ other companies' patents, technologies, software, and trademarks with the consent of their owners. However, there is no guarantee that other companies will continue to grant or license the right to use their property under terms acceptable to the Fujitsu Group.

5. Public Regulations, Public Policy, and Tax Matters

The business operations of the Fujitsu Group are global in scope, and are therefore impacted by a variety of public regulations, public policies, tax laws and other such factors in all countries where the Group does business. Specifically, wherever it operates, the Group must comply with a variety of government policies, regulations, such as authorizations for business or investment, import/export regulations and restrictions, as well as laws pertaining to antimonopoly policies, intellectual property rights, consumers, the environment and recycling, labor conditions, subcontracting, and taxation. The Fujitsu Group's earnings might be affected by increased compliance costs associated with measures to make stricter or otherwise revise such policies, laws and regulations, or by liabilities stemming from fines in cases where the company is found to have committed a violation. We also provide solutions in certain fields and business domains such as healthcare, communications, and construction that are subject to other public regulations, meaning that regulatory trends in these sectors may potentially impact the Group's business.

6. Others

The Fujitsu Group makes every effort to eliminate known risks but can offer no guarantee of its ability to always achieve every desired outcome in the course of executing business operations. Some of the specific risks faced in this respect are detailed below.

1) Deficiencies or Flaws in Products and Services

In accordance with our corporate philosophy, the Fujitsu Way, we emphasize quality in our business activities. The Fujitsu Group aims to enhance quality to build and support a networked society where people can live in comfort and with peace of mind.

We are committed to improving quality at the design and development stages as well as in manufacturing by setting rules on quality control throughout the company. We are also promoting strict quality control when purchasing components from external suppliers. These efforts notwithstanding, it is impossible to totally eliminate the possibility of deficiencies or flaws occurring in products, including software. While the Group is also setting rules on quality control throughout the company, promoting software modularization, standardization of development work, and enhanced security measures in order to improve the quality of system development work, the possibility of defects arising after delivery cannot be excluded. With respect to systems that play a critical role in supporting social infrastructure, we have been checking for any potential problems in these systems, including the operating environment, software and hardware, in cooperation with our customers. In addition, we have continuously made improvements to the quality, contracts, and related rules in order to ensure the stable operation of social infrastructure systems. We cannot, however, entirely eliminate the possibility of deficiencies or flaws. In addition, in our cloud services, the Fujitsu Group positions "high reliability" as the most important value, and maintains earthquake-resistant and highly secure facilities in order to achieve a high-standard of information security. However, we cannot totally exclude the possibility of service interruption. In the event of deficiencies or flaws, or interruption of services, the Group may have to initiate product recalls or repairs, engage in system recovery work, pay damages to customers or suffer opportunity losses, all of which would negatively impact Group sales and profitability.

2) Project Management

Due to such factors as the increasing scale and sophistication of systems and more rigorous demands from customers, system development work is becoming increasingly more complex and challenging. At the same time, greater competition is leading to increasingly intense pricing pressures. To deal with this situation and prevent incidences of delayed delivery and loss-generating projects, we have been revising our approach to making contracts with customers, advancing the standardization of sales and system engineering business processes, and working to manage risk from the business negotiation stage through actual project implementation. The Group continues to maintain reserves for losses as necessary. In addition, we are striving to industrialize the system development process in order to strengthen our cost competitiveness. Nevertheless, in spite of these measures, there is a possibility that we may be unable to completely prevent incidences of delayed delivery and occurrence of loss-generating projects.

3) Investment Decisions and Business Restructuring

In the ICT industry, large investments in R&D, capital expenditure, business acquisitions, and business restructuring are necessary to maintain competitiveness. The Fujitsu Group is carrying out essential structural reforms, including those currently being undertaken for the LSI device business. Accordingly, the success or failure of these initiatives has a profound effect on the business results of the Fujitsu Group. When making such investment and restructuring decisions, we give ample consideration to a range of factors such as market trends, customer needs, the superiority of the Group's own technologies, the financial performance of acquisition candidates and our business portfolio. There is, however, the risk that markets and technologies, as well as acquisition candidates deemed attractive by the Group, may fail to grow as anticipated, or that supply and demand imbalances or price erosion may be more severe than expected. The Group takes a number of steps to mitigate this risk, including the consideration of investment efficiency and responding to inherent fluctuations by dividing investment into multiple phases and forging agreements with customers prior to investment. Nonetheless, there is no guarantee that the Group can generate sufficient returns on such investments.

4) Intellectual Property Rights

The Fujitsu Group has accumulated technologies and expertise that help distinguish its products from those of other companies. Legal restrictions in certain regions, however, may impair our ability to fully protect some of the Group's proprietary technologies, with the result that we could be unable to effectively prevent the manufacture and sale of similar products developed by third parties using the Group's own intellectual property. Moreover, the creation of comparable or superior technologies by other companies could erode the value of the Group's intellectual property. The Group has instituted internal policies, including stringent clearance procedures prior to launching new products and services, to ensure that no infringement of other companies' intellectual property occurs. However, there is the possibility that the Group's products, services or technologies may be found to infringe on other companies' intellectual property, and that earnings may be impacted by such consequences as the need to pay for usage rights or cover costs associated with modifying designs. In addition, the Group has previously instituted a program to compensate employees for innovations that they make in the course of their work, and will continue to implement this program in the future in accordance with related laws and regulations. Nevertheless, the Group faces potential risk from lawsuits initiated by employees in regard to compensation for innovation created in the workplace.

5) Human Resources

The growth and profitability of the Fujitsu Group depends heavily on human resources. As such, a major issue for the Group is the ability to recruit, foster, and prevent the attrition of talented technical experts, system engineers, managers and other key personnel. The inability to do so could negatively impact the Group's growth and profitability. Implementation of personnel rationalization following the structural reforms currently in progress may accelerate the above trends.

6) Environment

Making contributions to society and protecting the environment are part of the corporate values of the Fujitsu Group, as set forth in the Fujitsu Way. The Group regards environmental protection as one of its most important management items and is committed to minimizing environmental burden and preventing environmental pollution. However, the Group cannot guarantee that environmental pollution will not occur as a result of its operations. Moreover, although we monitor soil and wastewater as well as engage in clean-up activities at former factory sites, this does not mean that pollution will not be found at such sites in the future. In the event that environmental pollution were to occur or be identified, social trust in the Group may weaken and clean up and other costs could be incurred, which would adversely affect the Group's earnings.

7) Information Management

In order to safeguard the personal and confidential information of customers, business partners, and the Fujitsu Group itself, the

Group has taken such measures as establishing strict regulations, instituting training programs for employees, upgrading its information infrastructure and providing consultation to business subcontractors. Nevertheless, the Group cannot guarantee that information will not be leaked. In the unlikely event that this should occur, trust in the Fujitsu Group could decline and the Group may be obligated to pay damages to customers whose information is leaked.

The Fujitsu Group has a well-developed system in place to ensure the integrity and stable operation of critical in-house networks, which are a key element of our business infrastructure. However, the Group cannot guarantee the ability to prevent computer viruses, unauthorized access, including cyber attacks, or other disruptions from impeding network operations and leaking information.

8) Fujitsu Group Facilities

The Fujitsu Group owns or rents a variety of facilities inside and outside Japan, including offices, manufacturing facilities, and datacenters. These facilities comply with building standards and other regulations in their respective countries. The Fujitsu Group has also established its own set of safety standards, but in the event of an earthquake, major flooding, fire, radioactive contamination, or other disasters; terrorist attacks, demonstrations, or strikes, or faulty construction quality; or the occurrence of operational errors, among other factors, a facility's operations, including production lines, may need to be discontinued. In such a case, this may lead to the possibility of adverse effects on the Fujitsu Group's business or that of our customers.

9) Credit Ratings and Other Factors that Affect the Group's Credit

In addition to having a major influence on financing, credit ratings by outside institutions serve as reliable sources of information for our customers when they conduct transactions with us. Lower credit ratings caused by failure to meet earnings targets, deteriorating financial conditions, or other reasons could influence our ability to secure financing and place the Group at a disadvantage in bidding for projects and in other business dealings.

10) Litigation

The Fujitsu Group may become the subject of litigation in the course of executing its operations, resulting in an obligation to pay unforeseen damages. Depending upon the amount of damages the profit and loss of the Fujitsu Group may be materially impacted.

11) Compliance Issues

The Fujitsu Group promotes the thorough diffusion and implementation of internal company rules, nurturing a corporate culture of strict adherence to these rules, and has constructed the necessary internal systems and structures for adherence. The Fujitsu Group has defined the behavior to which all Fujitsu Group employees must strictly adhere in the Code of Conduct of the Fujitsu Way. The Fujitsu Group has also instituted uniform Global Business Standards, which provide more detailed guidance on the behavior expected of each employee. In addition, as one committee within the Internal Control Division, which reports directly to the Fujitsu Group Management Council, the Risk and Compliance Committee has been established to promote compliance throughout the Fujitsu Group. Even with these measures in place, however, there is a possibility that the Fujitsu Group will be unable to completely eliminate compliance-related risks. In the event that there is a violation of relevant laws or regulations inside or outside Japan, society's trust in the Fujitsu Group may be damaged, or there may be demands for payment of significant penalties or compensation for damages, leading to the possibility of adverse impact on the Fujitsu Group's business.

Also, in the course of troubleshooting ATM software as a part of ongoing maintenance under contract from a customer, there was an incident in fiscal 2013 in which a former employee of a Group company illegally obtained internal ATM information and produced counterfeit cards, using those cards to withdraw cash. Fujitsu deeply regrets the trouble and distress that this incident has caused to affected individuals and financial institutions, and is making every effort to prevent a recurrence.

7. Natural Disasters and Unforeseen Incidents

Natural disasters and other unforeseen situations could have a major impact on the business results and financial standing of the Fujitsu Group. Examples of the potential risks posed are found below.

1) Damage from Earthquakes, Other Natural Disasters, and Accidents

The Fujitsu Group has instituted a Business Continuity Plan (BCP), which is continually reviewed and improved, to ensure that, even in the event of natural disasters like earthquakes, major floods, or volcanic eruptions, as well as accidents or the outbreak of infectious diseases like new forms of influenza, we can continue our critical business operations to fulfill our corporate social responsibility, while at the same time continuing to provide a stable flow of high-quality, highly reliable products and services, which our customers rely on for their business. In recent years there have been several large-scale disasters, including the Great East Japan Earthquake, the nuclear power plant accidents and the ensuing electrical power shortages, and the floods in Thailand. Going forward, there is also a possibility that unforeseen events may occur, such as major earthquakes in the Tokyo metropolitan area, the Tohoku region or along the Nankai Trough or a prolongation of power shortages in Japan. Based on the fact that such events could disrupt operations, the company is making every effort to ensure the continuity of key businesses. Having dealt with the Great East Japan Earthquake, we have taken steps to make our sites resistant to earthquakes and we conduct regular site inspections, along with disaster-readiness drills. Nevertheless, there is a possibility that the Group may be forced to suspend the delivery of products and services to customers or its support for customer information systems in the event an unforeseen natural disaster or accident forces sites to suspend operations, inflicts damage to facilities and equipment, interrupts the supply of electricity or water, disrupts public transportation or communications infrastructure, or causes damage to our supply chains.

2) Geopolitical Issues

Armed conflicts, terrorism, demonstrations, strikes, political instability, currency crises, and other events in nations or regions where the Fujitsu Group operates could have a significant impact on its businesses.

8. Financial Statements

For details, please refer to "7. Critical Accounting Policies and Estimates" on page 115.

FACTS & FIGURES

Financial Section

FIVE-YEAR SUMMARY

Fujitsu Limited and Consolidated Subsidiaries

					Yen (millions)	U.S. Dollars (thousands)
Years ended March 31	2010	2011	2012	2013	**2014**	**2014**
Net sales	¥4,679,519	¥4,528,405	¥4,467,574	¥4,381,728	**¥4,762,445**	**$46,237,330**
Operating income	94,373	132,594	105,304	88,272	**142,567**	**1,384,146**
Operating income margin	2.0%	2.9%	2.4%	2.0%	**3.0%**	
Income (loss) before income taxes and minority interests	112,706	102,236	66,717	(52,119)	**92,934**	**902,272**
Net income (loss)	93,085	55,092	42,707	(79,919)	**48,610**	**471,942**
Return on equity	12.0%	6.8%	5.1%	(11.8%)	**8.1%**	
Comprehensive income	–	38,790	34,310	(80,616)	**104,907**	**1,018,515**
Ratio of net sales outside Japan	37.4%	35.1%	33.7%	34.2%	**37.8%**	
EMEA	¥ 981,622	¥ 845,485	¥ 809,277	¥ 768,149	**¥ 926,005**	**$ 8,990,340**
The Americas	321,603	322,272	286,595	287,742	**387,444**	**3,761,592**
APAC & China	445,079	419,606	410,224	442,324	**488,042**	**4,738,272**
Total of net sales outside Japan by customers' geographic location	¥1,748,304	¥1,587,363	¥1,506,096	¥1,498,215	**¥1,801,491**	**$17,490,204**
Amounts per share of common stock (Yen and U.S. Dollars):						
Earnings (loss)						
– Basic	¥ 45.21	¥ 26.62	¥ 20.64	¥ (38.62)	**¥ 23.49**	**$ 0.228**
– Diluted	42.17	25.75	20.55	–	**23.49**	**0.228**
Owners' equity	386.79	396.81	406.42	301.57	**277.03**	**2.690**
Total assets	¥3,228,051	¥3,024,097	¥2,945,507	¥2,920,326	**¥3,079,534**	**$29,898,388**
Net assets	948,373	953,779	966,598	752,438	**702,449**	**6,819,893**
Owners' equity	798,662	821,244	841,039	624,045	**573,211**	**5,565,155**
Remeasurements of defined benefit plans, net of taxes	–	–	–	(149,724)	**(321,567)**	**(3,122,010)**
Owners' equity ratio	24.7%	27.2%	28.6%	21.4%	**18.6%**	
Cash and cash equivalents	¥ 420,166	¥ 358,593	¥ 266,698	¥ 284,548	**¥ 301,162**	**$ 2,923,903**
Interest-bearing loans	577,443	470,823	381,148	534,967	**519,640**	**5,045,049**
D/E ratio (times)	0.72	0.57	0.45	0.86	**0.91**	
Free cash flow	296,409	113,426	49,180	(90,471)	**46,659**	**453,000**
Cash dividends per share for the year (Yen and U.S. Dollars)	¥ 8.00	¥ 10.00	¥ 10.00	¥ 5.00	**¥ 4.00**	**$ 0.039**
[Interim cash dividends per share for the year (Yen and U.S. Dollars)]	[3.00]	[5.00]	[5.00]	[5.00]	**[–]**	**[–]**
Dividend payout ratio on a consolidated basis	17.7%	37.6%	48.4%	–	**17.0%**	
R&D expenses	¥ 224,951	¥ 236,210	¥ 238,360	¥ 231,052	**¥ 221,389**	**$ 2,149,408**
Capital expenditure on property, plant and equipment	126,481	130,218	140,626	121,766	**122,282**	**1,187,204**
Depreciation	164,844	141,698	131,577	116,565	**115,180**	**1,118,252**
Number of employees	172,438	172,336	173,155	168,733	**162,393**	
Average exchange rate (yen):						
U.S. Dollar	¥ 93	¥ 86	¥ 79	¥ 83	**¥ 100**	
Euro	131	113	109	107	**134**	
Pound Sterling	148	133	126	131	**159**	

Notes: 1. The U.S. dollar amounts stated above and in the following Management's Discussion and Analysis of Operations have been translated from yen, for readers' convenience only, at the rate of ¥103 = US$1, which was the approximate rate on the Tokyo Foreign Exchange Market at March 31, 2014.
2. Owners' equity: Net assets less minority interests in consolidated subsidiaries and subscription rights to shares.
3. Comprehensive income: Amounts for the year ended March 31, 2010 are not presented above, as the Company applied "Accounting Standard for Presentation of Comprehensive Income" (Accounting Standards Board of Japan, Statement No. 25) effective from the year ended March 31, 2011.
4. Diluted earnings per share and dividend payout ratio on a consolidated basis for the year ended March 31, 2013 are not disclosed due to the recording at net losses.
5. The Company's consolidated subsidiaries outside Japan have applied IAS 19 "Employee Benefits" (issued June 16, 2011) at the beginning of the year ended March 31, 2014. These changes in accounting policies are applied retrospectively, and the following items for the year ended March 31, 2013 and March 31, 2014 reflect this retrospective application: Operating income, Operating income margin, Income (loss) before income taxes and minority interests, Net income (loss), Return on equity, Comprehensive income, Earnings (loss) per share, Owner's equity per share, Total assets, Net assets, Owner's equity, Remeasurements of defined benefit plans, net of taxes, Owner's equity ratio and D/E ratio.
6. Unrecognized defined benefit obligations such as actuarial gains and losses, are recognized under net assets, adjusted for tax effects, as remeasurements of defined benefit plans, net of taxes, as a result of application of changes in the accounting standards both in Japan and outside Japan.
The Company's consolidated subsidiaries outside Japan have applied IAS 19 "Employee Benefits" (issued June 16, 2011) at the beginning of the year ended March 31, 2014. IAS 19 is applied retrospectively for the year ended March 31, 2013, as a comparative information.
At the end of the year ended March 31, 2014, the Company and its consolidated subsidiaries in Japan applied "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan, Statement No. 26, issued May 17, 2012). Retrospective application for that change is not made in accordance with the provision for transitional treatment as stated in the Accounting Standard for Retirement Benefits.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS

The following section, Management's Discussion and Analysis of Operations, provides an overview of the consolidated financial statements of Fujitsu Limited (the "Company") and its consolidated subsidiaries (together, the "Group") for the year ended March 31, 2014 (fiscal 2013). Forward-looking statements in this section are based on management's understanding and best judgment as of March 31, 2014.

The Company's consolidated subsidiaries outside Japan prepare their financial statements in accordance with IFRS (International Financial Reporting Standards). The effect of a revision to IAS 19 "Employee Benefits" is retrospectively reflected to the Group's consolidated financial statements for fiscal 2012. As a result, compared to the amounts prior to the retrospective application, the fiscal 2012 amounts for operating income, income before income taxes and minority interests, and net income have all been reduced by ¥7.0 billion. Other comprehensive income has decreased by ¥40.6 billion and comprehensive income has decreased by ¥47.6 billion. Also, as a result of bringing the unrecognized obligation for retirement benefits for plans at consolidated subsidiaries outside Japan on the balance sheet, total assets as of March 31, 2013 were reduced by ¥128.7 billion, while total liabilities increased by ¥28.6 billion and total net assets were reduced by ¥157.3 billion (comprising reductions of ¥7.0 billion in retained earnings and ¥150.3 billion in accumulated other comprehensive income). For details, please see "4. Retrospective revisions due to changes in accounting standards."

The impact of exchange rate fluctuations is calculated by taking the average exchange rates in fiscal 2012 for the US dollar, euro, and British pound and applying them to foreign currency-denominated transactions in fiscal 2013.

1. Analysis of Results

Business Environment

The global economy during fiscal 2013 continued to experience a moderate recovery. In Europe, there was a resumption of economic growth and signs of an economic recovery, particularly in Germany and the UK. In the US, uncertainties over the federal government's fiscal policies eased, and the economy continued to recover, especially consumer spending and corporate capital investment.

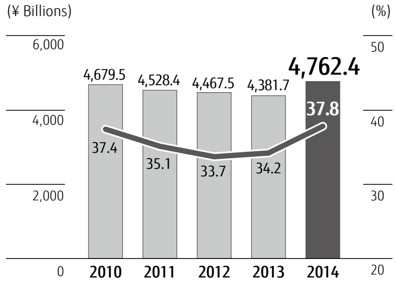
In Japan, due to a stock market rally and yen depreciation spurred on by the government's economic policy and monetary easing by the Bank of Japan, the economy is undergoing a moderate recovery. Consumer spending rose, in part spurred by a demand for purchases prior to an increase in the consumption tax rate. There has been a moderate recovery in exports resulting from an improved economic environment owing to the weaker yen and recovery in markets outside Japan.

ICT (Information and Communication Technology) investment in Japan is gradually increasing on signs of a rebound in corporate capital investment resulting from a recovery in corporate earnings.

Condensed Consolidated Income Statements (Unit: billion yen)

Years ended March 31	2013	**2014**	YoY Change	Change (%)
Net sales	4,381.7	**4,762.4**	380.7	8.7
Cost of sales	3,177.9	**3,493.2**	315.2	9.9
Gross profit	1,203.7	**1,269.1**	65.4	5.4
Selling, general and administrative expenses	1,115.4	**1,126.6**	11.1	1.0
Operating income	88.2	**142.5**	54.2	61.5
Other income (expenses)	(140.3)	**(49.6)**	90.7	–
Income (loss) before income taxes and minority interests	(52.1)	**92.9**	145.0	–
Income taxes	24.2	**37.0**	12.8	52.8
Minority interests in income (loss) of consolidated subsidiaries	3.5	**7.2**	3.7	105.2
Net income (loss)	(79.9)	**48.6**	128.5	–

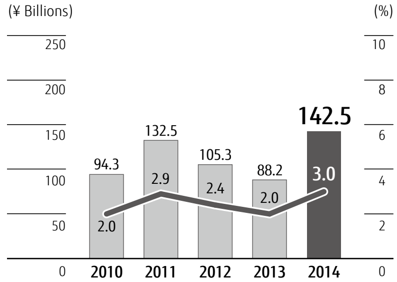
Net Sales and Ratio of Net Sales Outside Japan



(Years ended March 31)

Net Sales (Left Scale)
Ratio of Net Sales Outside Japan (Right Scale)

Operating Income and Operating Income Margin



(Years ended March 31)

Operating Income (Left Scale)
Operating Income Margin (Right Scale)

Reference: Financial Indicators

(Unit: billion yen)

Years ended March 31	2013	**2014**	YoY Change
Net sales	4,381.7	**4,762.4**	380.7
Sales outside Japan	[1,498.2]	**[1,801.4]**	[303.2]
Ratio of sales outside Japan	[34.2%]	**[37.8%]**	[3.6%]
Gross profit margin	27.5%	**26.7%**	(0.8%)
Operating income margin	2.0%	**3.0%**	1.0%
Return on equity (ROE)	(11.8%)	**8.1%**	19.9%

Notes: Owners' equity: Net assets – Subscription rights to shares – Minority interests
Return on equity (ROE): Net income ÷ {(Owners' equity at beginning of period + Owners' equity at end of period) ÷ 2}

Reference: Quarterly Breakdown of Net Sales and Operating Income for the year ended March 31, 2014

(Unit: billion yen)

Consolidated	1Q	2Q	3Q	4Q	Full Year
Net sales	999.2	1,152.3	1,200.7	1,410.1	4,762.4
YoY Change	41.8	37.9	152.4	148.4	380.7
Operating income	(22.8)	33.6	26.1	105.5	142.5
YoY Change	3.9	2.5	32.0	15.7	54.2

Breakdown by Main Business Segment

(Unit: billion yen)

Technology Solutions	1Q	2Q	3Q	4Q	Full Year
Net sales	677.5	785.3	786.3	993.7	3,243.0
YoY Change	50.4	72.0	85.7	92.4	300.6
Operating income	2.5	55.7	44.4	106.3	209.1
YoY Change	3.4	11.1	22.6	(2.0)	35.1

Ubiquitous Solutions	1Q	2Q	3Q	4Q	Full Year
Net sales	215.9	262.7	321.2	325.4	1,125.4
YoY Change	(18.6)	(52.0)	54.7	51.1	35.2
Operating income	(17.1)	(11.6)	(5.4)	12.0	(22.1)
YoY Change	(15.1)	(24.0)	(3.3)	10.8	(31.7)

Device Solutions	1Q	2Q	3Q	4Q	Full Year
Net sales	145.3	159.0	146.0	149.7	600.2
YoY Change	15.0	20.7	16.5	7.5	59.9
Operating income	7.6	10.4	4.2	6.1	28.3
YoY Change	11.2	13.8	13.5	3.9	42.6

Net Sales

Consolidated net sales for fiscal 2013 were ¥4,762.4 billion ($46,237 million), an increase of 8.7% from fiscal 2012. Excluding the impact of foreign exchange fluctuations, sales were up by 2%. Net sales in Japan increased by 2.7%. Sales of mobile phones were down sharply, in the first half, but sales of system integration services increased, mainly to the public sector and financial institutions, as did sales of PCs and network products. Outside Japan, sales were up 20.2% from the previous fiscal year, and on a constant currency basis, increased by 1%. Sales of car audio and navigation equipment and optical transmission systems in North America were higher than fiscal 2012.

On a Group-wide basis, net sales increased year on year in every quarter, but sales performance by operating segment was mixed. In the Technology Solutions segment, which comprises the Group's core businesses, including services, server-related, and network products businesses, consolidated segment net sales increased at an ever faster pace quarter after quarter, with sales growth of over ¥50 billion in the first quarter, over ¥70 billion in the second quarter, over ¥80 billion in the third quarter, and over ¥90 billion in the fourth quarter. Consolidated segment net sales increased year on year, mainly around the services businesses in Japan, with steady performance from infrastructure services throughout the year, in addition to strong sales in Systems Integration as customers expanded their investment spending. The Ubiquitous Solutions segment, which involves PCs, mobile phones and so forth, saw sales decline sharply in the first half of the fiscal year, but double-digit sales growth was attained in the second half, with sales increasing year on year on a full-year basis. Mobile phone sales volume fell sharply in the first half of the fiscal year due to a revision of smartphone sales strategies by telecommunications carriers, but recovered in the second half, returning to mostly the same level as the previous fiscal year. In addition, there was a significant increase in enterprise PC sales from the second quarter onward on higher demand for replacements on the end of support for an operating system product. The Device Solutions segment saw the core LSI device business post higher sales year on year in each quarter.

In fiscal 2013, the average yen exchange rates against the US dollar, the euro, and the British pound were ¥100, ¥134, and ¥159, respectively, representing a year-on-year depreciation of ¥17 against the US dollar, ¥27 against the euro, and ¥28 against the British pound. Exchange rate fluctuations versus the US dollar, euro, and British pound caused an increase in net sales of approximately ¥100.0 billion, ¥110.0 billion, and ¥70.0 billion, respectively. As a result, currency exchange rate fluctuations had a positive impact of approximately ¥280.0 billion on net sales for fiscal 2013, lifting the overseas sales ratio by 3.6 percentage points to 37.8%.

Cost of Sales, Selling, General & Administrative Expenses, and Operating Income

The cost of sales totaled ¥3,493.2 billion ($33,915 million), with gross profit of ¥1,269.1 billion ($12,322 million), representing net sales minus cost of sales, for a gross profit margin of 26.7%. Gross profit increased ¥65.4 billion compared to the previous fiscal year, due mainly to foreign exchange movements and the beneficial effect of initiatives for improving profitability, although there was a decline in mobile phone sales. The gross profit margin declined 0.8 of a percentage point compared to the previous fiscal year, primarily the result of deteriorating profitability in mobile phones.

Selling, general and administrative (SG&A) expenses were ¥1,126.6 billion ($10,938 million), an increase of ¥11.1 billion from the previous year, attributable to foreign exchange effects and other factors. The Company made progress in generating Group-wide cost efficiencies, and SG&A expenses declined on a constant-currency basis. Among SG&A expenses, R&D spending amounted to ¥221.3

billion ($2,149 million), a decrease of ¥9.6 billion compared to the previous year. The decrease was primarily a result of increased development efficiency in mobile phones and the effects of selling the microcontroller and analog device businesses in the LSI device business. R&D spending increased in the Technology Solutions segment, with a primary focus on network products. The ratio of R&D expenses to net sales was 4.6%.

As a result, operating income amounted to ¥142.5 billion ($1,384 million), an increase of ¥54.2 billion compared to fiscal 2012. The operating income margin was 3.0%, a rise of 1.0 percentage point, mainly because of profit margin improvements due to lower fixed costs in the LSI device business and higher Systems Integration sales.

Operating income in the Technology Solutions segment increased continuously from the first to third quarters, but declined in the fourth quarter due to measures to enhance products for the next fiscal year and declining profitability in certain projects in services businesses outside Japan. The Technology Solutions segment posted operating income of more than ¥200.0 billion for fiscal 2013, an increase of more than 20% from the previous fiscal year. Meanwhile, the Ubiquitous Solutions segment, which involves PCs, mobile phones and so forth, recorded successive operating losses up until the third quarter, due to a sharp decline in mobile phone sales volume and cost outlays for quality improvement measures. However, the Ubiquitous Solutions segment returned to profitability in the fourth quarter atop an increase in enterprise PC sales on higher demand for replacements as a consequence of the ending of support for an operating system product. Since returning to profitability in the fourth quarter of the previous fiscal year, the Device Solutions segment was profitable in each quarter of fiscal 2013, delivering higher operating income year on year.

The Group strives to minimize the impact of currency exchange rate fluctuations on earnings. During fiscal 2013, fluctuations in currency exchange rates had the effect of raising operating income by approximately ¥5.0 billion relative to the previous year. Losses in the LSI device and electronic components businesses improved as the yen weakened against the US dollar; however, profitability was negatively impacted in the PC, mobile phone, server, and other businesses that procure US dollar-denominated materials. Furthermore, the depreciation of the yen against the euro had the effect of increasing the profits of European subsidiaries when translated into Japanese yen, while the appreciation of the euro against the US dollar reduced the procurement cost of US dollar-denominated materials at European subsidiaries. For fiscal 2013, an appreciation of one yen (¥1) in the currency exchange rate translated into an impact on operating income of approximately ¥0.3 billion for the US dollar, negative ¥0.2 billion for the euro, and ¥0.0 billion for the British pound.

Other Income (Expenses), Net Income and Comprehensive Income

Other income (expenses) amounted to a net loss of ¥49.6 billion ($482 million), an improvement of ¥90.7 billion from the previous fiscal year. Fujitsu recorded a ¥6.8 billion gain on sales primarily of available-for-sale securities and a ¥4.7 billion gain on sales of property, plant and equipment and intangible assets. The Company recorded restructuring charges of ¥31.1 billion, a loss on the reversal of foreign currency translation adjustments of ¥21.6 billion, which stemmed from the liquidation of US subsidiary Fujitsu Management Services of America, Inc., and an impairment loss of ¥6.4 billion recorded under other expenses, relating to operational assets of manufacturing subsidiaries.

The restructuring charges mainly consisted of ¥21.0 billion ($204 million) for the LSI device business, ¥4.9 billion ($48 million) for the mobile phone business, and ¥4.2 billion ($41 million) for business outside Japan. In the LSI device business, the charges were mainly attributable to the system LSI (SoC: System on a Chip) business, which is scheduled to be integrated, and consisted of the costs for settling retirement benefit liabilities and losses on the disposal of assets. There were also charges stemming from the cost of restructuring the production lines for standard logic devices as well as losses on the disposal of assets. In the mobile phone business, the charges stemmed from losses on the disposal of assets in the process of integrating production sites as well as expenses incurred in reallocating personnel. The charges for businesses outside of Japan were primarily in the Nordic region and consisted of workforce rationalization expenses.

Consolidated net income for fiscal 2013 was ¥48.6 billion ($472 million), representing a year-on-year improvement of ¥128.5 billion. Income before income taxes and minority interests amounted to ¥92.9 billion ($902 million), an improvement of ¥145.0 billion compared to the previous fiscal year. However, income taxes increased ¥12.8 billion year on year to ¥37.0 billion. The ratio of income taxes to income before income taxes and minority interests was 39.9%. The Group's tax burden was higher than the standard effective income tax rate, mainly because of the amortization of goodwill for which tax effects cannot be recognized, and the inclusion in income before income taxes of the amortization of unrecognized obligation for retirement benefits at overseas consolidated subsidiaries, for which the recording of deferred tax assets is restricted. Income taxes included a reduction of approximately ¥13.0 billion in the company's tax burden in connection with the liquidation of US subsidiary Fujitsu Management Services of America, Inc., and a one-time increase in tax expenses of approximately ¥4.0 billion due to the early termination of the Special Reconstruction Corporation Tax. In addition, minority interests in income of consolidated subsidiaries was ¥7.2 billion ($71 million), a year-on-year improvement of ¥3.7 billion, as there was a rebound in the financial performance of a listed subsidiary in the electronic components business.

The Group views profitability and efficiency of invested capital in businesses as important management indicators. For fiscal 2013, the return on equity, calculated by dividing net income by average owners' equity, was positive 8.1%, a change from negative 11.8% in the previous fiscal year.

Other comprehensive income totaled ¥49.0 billion ($476 million), primarily as a result of an improvement in foreign currency translation adjustment stemming from the ongoing depreciation of the yen. There was also the impact of the balance reversal on the liquidation of US subsidiary Fujitsu Management Services of America, Inc. Unrealized gain and loss on securities had a positive impact due to a rise in stock prices. For pension plans outside of Japan that were reflected on the Company's balance at the beginning of fiscal 2013, the impact of the increased liability caused by the weaker yen is included in remeasurements of defined benefit plans, net of taxes.

Comprehensive income, representing the total of other comprehensive income and income before minority interests, was ¥104.9 billion ($1,019 million).

2. Segment Information

Information by Operating Segment

Sales and Operating Income by Segment

The reportable segments were consolidated into the three segments of "Technology Solutions," "Ubiquitous Solutions," and "Device Solutions," based on organizational structure, the characteristics of the products and services, and the similarities in sales markets. The "Other Operations" segment includes operations not included in the reportable segments, such as Japan's Next-Generation Supercomputer project, facility services and the development of information systems for Group companies, and welfare benefits for Group employees.

Sales (including intersegment sales) and operating income by segment for fiscal 2013 are shown as follows:

(Unit: billion yen)

Years ended March 31		2013	**2014**	YoY Change	Change (%)
Technology Solutions	Net sales	2,942.3	**3,243.0**	300.6	10.2
	Operating income	173.9	**209.1**	35.1	20.2
	[Operating income margin]	[5.9%]	**[6.4%]**	[0.5%]	
Ubiquitous Solutions	Net sales	1,090.2	**1,125.4**	35.2	3.2
	Operating income	9.6	**(22.1)**	(31.7)	–
	[Operating income margin]	[0.9%]	**[(2.0%)]**	[(2.9%)]	
Device Solutions	Net sales	540.3	**600.2**	59.9	11.1
	Operating income	(14.2)	**28.3**	42.6	–
	[Operating income margin]	[(2.6%)]	**[4.7%]**	[7.3%]	
Other Operations/ Elimination & Corporate	Net sales	(191.2)	**(206.3)**	(15.0)	–
	Operating income	(81.0)	**(72.8)**	8.2	–
Consolidated	Net sales	4,381.7	**4,762.4**	380.7	8.7
	Operating income	88.2	**142.5**	54.2	61.5
	[Operating income margin]	[2.0%]	**[3.0%]**	[1.0%]	

Technology Solutions

The Technology Solutions segment delivers products, software, and services to customers in an optimal, integrated package of comprehensive services. These consist of Solutions/Systems Integration, which are services for the construction of information and communication systems, Infrastructure Services, which are primarily outsourcing and maintenance services, System Products, which covers mainly the servers and storage systems that comprise ICT platforms, and network products, which are used to build communications infrastructure, such as mobile phone base stations and optical transmission systems.

Consolidated segment net sales amounted to ¥3,243.0 billion ($31,486 million), up 10.2% from fiscal 2012. Sales in Japan increased 6.1%. In system integration services, sales increased, primarily in the public sector and financial services sector, as customers expanded their investment spending. In network products, while demand for 3G communications equipment to deal with the larger volume of communications traffic has passed its peak, overall sales increased on spending by telecommunications carriers to expand LTE*[1] service area coverage and increase transmission speeds. Server-related sales rose due to the contribution of large-scale systems deals in the public sector. In infrastructure services, although sales of outsourcing services remained steady, sales were adversely impacted by a shift from packaged products that include connection fees to stand-alone products in the ISP*[2] business, along with a greater emphasis on profitability that resulted in a loss of subscribers. Sales outside Japan increased 18.2% but were essentially unchanged on a constant-currency basis. Sales of optical transmission systems increased in North America as investment by telecommunications carriers rebounded, but sales of the new UNIX server model were weak.

Segment operating income amounted to ¥209.1 billion ($2,030 million), up ¥35.1 billion compared to fiscal 2012. In Japan, despite a higher burden of upfront development expenditures in network products and the effect of higher server-related procurement costs due to the weaker yen, operating income rose on increased sales of system integration services and network products, in addition to the impact of workforce-related measures. Outside Japan, although profitability deteriorated for certain projects in Australia, operating income benefited from the impact of structural reforms in Europe, higher sales of optical transmission systems in North America, and lower amortization expenses for goodwill.

Outside Japan, a series of workforce-related measures have been implemented to strengthen management fundamentals. In fiscal 2012, these measures were primarily implemented in Fujitsu's hardware business on the European continent, whereas in fiscal 2013 they were mainly undertaken at the services businesses in the Nordic region, the Americas, and Australia.

*[1] LTE: An abbreviation for Long Term Evolution, a standard for high-speed mobile communications which improves upon the third-generation (3G) standard.
*[2] Internet Service Provider business. This refers to the provision of value-added services in the domain of services supporting safe, secure and trouble-free Internet usage, and includes the provision of internet connectivity services, security, and troubleshooting support via phone or onsite visits.

Ubiquitous Solutions

The Ubiquitous Solutions segment contains ubiquitous terminals or sensors–including personal computers and mobile phones, as well as car audio and navigation systems, mobile communication equipment, and automotive electronic equipment–that collect and utilize various information and knowledge generated from the behavioral patterns of people and organizations needed to achieve the Group's vision of a "Human Centric Intelligent Society" (a society that enjoys the benefits of the value generated by ICT without requiring anyone to be conscious of the technological complexities involved).

Net sales in this segment were ¥1,125.4 billion ($10,927 million), an increase of 3.2% from fiscal 2012. Sales in Japan were down by 3.5%. There was a significant increase in enterprise PC sales on higher demand for replacements as a consequence of the ending of support for an operating system product. Unit sales of consumer PCs declined due to the shrinking market, although the value of sales was essentially unchanged from fiscal 2012. This was due to the impact of the weaker yen being passed on to higher sales prices, and higher demand for purchases in the fourth quarter prior to an increase in consumption tax. In mobile phones, sales in the first half of the fiscal year fell sharply on the impact of the revised smartphone sales strategies of telecommunications carriers, but recovered in the second half as one of Fujitsu's smartphones was selected by a telecommunications carrier as a recommended model, resulting in year-on-year sales being essentially unchanged from fiscal 2012. Sales of the Mobilewear sub-segment's car audio and navigation systems had been sluggish in the wake of the conclusion of the government's subsidy program for eco-friendly vehicles, but rose on a rebound in the number of new vehicles sold and on the impact of higher demand prior to the increase in the consumption tax. Sales outside Japan increased 23.9%. On a constant-currency basis, sales increased 7%. Unit sales of PCs in Europe declined due to a shift in the sales strategy to emphasize profitability, but Mobilewear sales rose, primarily in North America.

The segment posted an operating loss of ¥22.1 billion ($215 million), a deterioration of ¥31.7 billion from fiscal 2012. In Japan, operating income for mobile phones was adversely impacted by the sharp decline in unit sales, as well as by higher costs due to quality enhancement measures. Operating income in PCs benefited from higher sales. Although there was an increase in procurement costs as a result of the weaker yen, progress was made in passing these on in higher sales prices. Sales in the Mobilewear sub-segment also increased, although they were adversely impacted by higher development expenses. Outside of Japan, euro weakness against the dollar in the previous year caused dollar-denominated parts procurement costs to rise for PCs in Europe, but there was a temporary reduction in the estimated expenses from copyright levies imposed on PCs in Germany as a result of a settlement with a copyright organization. In addition, operating income benefited from the rise in sales of the Mobilewear sub-segment.

In its mobile phone business, in April 2014, Fujitsu integrated the production facilities of two of its mobile phone manufacturing subsidiaries, Fujitsu Mobile-phone Products Limited (Tochigi Prefecture) and Fujitsu Peripherals Limited (Hyogo Prefecture), with volume production capacity consolidated into Fujitsu Peripherals Limited. The Group aims to increase productivity and create a highly flexible production facility agile enough to withstand volume fluctuations. For product development, the Group aims to streamline operations through a shared development model, enabling staff to be reallocated to new business areas, such as enterprise solutions and automotive-related businesses.

Device Solutions

The Device Solutions segment provides cutting-edge technology products, such as LSI devices used in digital home appliances, automobiles, mobile phones, and servers, as well as electronic components consisting chiefly of semiconductor packages and batteries.

Net sales in this segment totaled ¥600.2 billion ($5,828 million), an increase of 11.1% compared to fiscal 2012. Sales in Japan fell 1.3%. Sales of LSI devices used in smartphones increased, but those used in digital audio-visual equipment and IT equipment decreased, among others. In electronic components, while sales of semiconductor packages and batteries declined, sales of optical transceiver modules for telecommunications equipment increased, resulting in overall sales of Electronic Components being essentially unchanged from fiscal 2012. Sales outside Japan increased 26.1%. On a constant-currency basis, sales increased by 5%. Sales of LSI devices, primarily those used in smartphones, increased.

The segment recorded operating income of ¥28.3 billion ($276 million), representing an improvement of ¥42.6 billion from fiscal 2012. In Japan, operating income benefited from lower overhead expenses owing to an early retirement incentive plan and other factors in the LSI device business. High capacity utilization rates were maintained in the Mie Plant's 300 mm line on higher demand for use in smartphones, but low capacity utilization rates continued in the production lines for standard logic devices such as its 200 mm line. The Group is working to consolidate its standard logic device production lines in Japan's Aizu-Wakamatsu region to enhance capacity utilization. Outside Japan, results were bolstered by higher demand for LSI devices and Electronic Components as well as by the impact of higher sales because of the weaker yen.

In accordance with a restructuring plan decided in February 2013, the Group made progress on the structural transformation of its LSI device business. In August 2013, it sold its microcontroller and analog device business to the Spansion Group of the US, and in February 2014 it integrated its gallium-nitride (GaN) power device business with that of Transphorm, Inc., also of the US. In April 2014, the Company signed a memorandum of understanding with Panasonic Corporation and Development Bank of Japan (DBJ), in which it has agreed to integrate its system LSI (SoC) business with that of Panasonic in a new fabless company to be established, to which DBJ will provide equity capital and debt financing. A final agreement is expected to be reached by the end of the first quarter of fiscal 2014, and it is expected in the third quarter that the integration will be completed and the new company will start business. It is expected that Fujitsu will hold a 40.0% share of voting rights in the new company, which is to be operated as an independent business with the aim of making an initial public offering in a few years' time.

Losses of ¥21.0 billion were recorded in relation to the structural reforms of the LSI device business (of which extraordinary losses of ¥7.0 billion were recorded on the sale and integration of businesses, and ¥14.0 billion from the restructuring of the 200 mm line and other standard logic device production facilities of the Mie Plant and facilities in the Aizu-Wakamatsu region). The loss on the sale and integration of businesses primarily consists of expenses to cover the settlement of retirement benefit obligations and losses on the disposal of assets for the system LSI (SoC) business. The loss associated with the restructuring of the standard logic device production facilities primarily consists of expenses for consolidating the 200 mm production lines and losses on the disposal of assets.

Other Operations/Elimination and Corporate

This category includes operations not included in the reportable segments, such as Japan's Next-Generation Supercomputer project, facility services and the development of information systems for Group companies, and welfare benefits for Group employees.

This category also includes expenses which are not classified into an operating segment. The expenses consist of strategic expenses such as basic research and development expenses, as well as group management shared expenses incurred by the Company.

The category posted an operating loss of ¥72.8 billion ($707 million), representing an improvement of ¥8.2 billion over fiscal 2012, mainly due to Company-wide cost efficiency improvements.

Geographic Information

One of the Group's management priorities is to increase sales and raise profitability of its business in growing markets outside Japan. Geographic financial information is important to the Group's business management and is useful for shareholders and investors in understanding the Group's financial overview.

(Unit: billion yen)

Years ended March 31		2013	**2014**	YoY Change	Change (%)
Japan	Net sales	3,306.4	**3,465.1**	158.6	4.8
	Operating income	178.4	**202.8**	24.3	13.6
	[Operating income margin]	[5.4%]	**[5.9%]**	[0.5%]	
Europe, Middle East, Africa (EMEA)	Net sales	785.2	**937.3**	152.1	19.4
	Operating income	(19.2)	**2.6**	21.9	–
	[Operating income margin]	[(2.5%)]	**[0.3%]**	[2.8%]	
The Americas	Net sales	273.7	**386.0**	112.3	41.1
	Operating income	(2.3)	**6.6**	9.0	–
	[Operating income margin]	[(0.9%)]	**[1.7%]**	[2.6%]	
APAC (Asia-Pacific) & China	Net sales	468.7	**542.1**	73.3	15.6
	Operating income	10.4	**8.9**	(1.5)	(15.0)
	[Operating income margin]	[2.2%]	**[1.6%]**	[(0.6%)]	
Elimination & Corporate	Net sales	(452.4)	**(568.2)**	(115.7)	–
	Operating income	(79.0)	**(78.5)**	0.5	–
Consolidated	Net sales	4,381.7	**4,762.4**	380.7	8.7
	Operating income	88.2	**142.5**	54.2	61.5
	[Operating income margin]	[2.0%]	**[3.0%]**	[1.0%]	

Japan

Net sales amounted to ¥3,465.1 billion ($33,642 million), an increase of 4.8% compared to fiscal 2012. Sales of mobile phones were down sharply, but sales of systems integration services, mainly to public-sector and financial institutions, increased, as did sales of PCs and network products. Operating income in Japan was ¥202.8 billion ($1,969 million), a year-on-year increase of ¥24.3 billion. Despite deteriorating profitability in mobile phones, operating income increased on the impact of workforce-related measures as well the restructuring of the LSI device business, in addition to the benefits of higher sales of systems integration services.

EMEA (Europe, Middle East, Africa)

Net sales amounted to ¥937.3 billion ($9,100 million), an increase of 19.4% from fiscal 2012, although, on a constant-currency basis, sales fell by 2%. The sales strategy for PCs switched to an emphasis on profitability over volume and sales declined, primarily in emerging markets. Operating income was ¥2.6 billion ($25 million), representing an improvement of ¥21.9 billion from fiscal 2012. In Germany, in addition to improved profitability in PCs, there was also a temporary reduction in the estimated expenses from copyright levies imposed on PCs at a European subsidiary as a result of a settlement with a copyright organization. Operating income for infrastructure services improved owing to structural reforms. It should also be noted that, to adjust for differences in accounting between Japanese accounting standards and IFRS, fiscal 2013 operating income reflects approximately ¥5.0 billion in amortization expenses for goodwill and approximately ¥17.0 billion in amortization expenses for retirement benefits.

The Americas

Net sales amounted to ¥386.0 billion ($3,748 million), an increase of 41.1% from fiscal 2012. On a constant currency basis, sales increased 25%. Sales rose for car audio and navigation equipment and optical transmission systems. Operating income for the region amounted to ¥6.6 billion ($64 million), an improvement of ¥9.0 billion from fiscal 2012. In addition to the effects of higher sales, lower amortization expenses for goodwill and improved profitability in infrastructure services contributed to the improvement of operating income.

APAC (Asia Pacific) & China

Net sales amounted to ¥542.1 billion ($5,263 million), a year-on-year increase of 15.6%. Sales of car audio and navigation systems and infrastructure services increased. Operating income was ¥8.9 billion ($86 million), a decrease of ¥1.5 billion from fiscal 2012. Despite higher sales, operating income was adversely affected by the deteriorating profitability of certain Infrastructure Services projects in Australia.

3. Analysis of Capital Resources and Liquidity

Assets, Liabilities and Net Assets

Condensed Consolidated Balance Sheets (Unit: billion yen)

As of March 31	2013	**2014**	YoY Change
Assets			
Current assets	1,722.2	**1,866.4**	144.1
Property, plant and equipment	618.4	**619.6**	1.1
Intangible assets	187.3	**186.2**	(1.0)
Investments and other non-current assets	392.2	**407.2**	14.9
Total assets	2,920.3	**3,079.5**	159.2
Liabilities			
Current liabilities	1,568.5	**1,462.3**	(106.1)
Long-term liabilities	599.3	**914.7**	315.3
Total liabilities	2,167.8	**2,377.0**	209.1
Net assets			
Shareholders' equity	825.5	**874.2**	48.6
Accumulated other comprehensive income	(201.5)	**(301.0)**	(99.5)
Minority interests in consolidated subsidiaries	128.3	**129.1**	0.8
Total net assets	752.4	**702.4**	(49.9)
Total liabilities and net assets	2,920.3	**3,079.5**	159.2
Cash and cash equivalents at end of year	286.6	**301.1**	14.5
Interest-bearing loans	534.9	**519.6**	(15.3)
Net interest-bearing loans	248.3	**218.4**	(29.8)
Owners' equity	624.0	**573.2**	(50.8)

Notes: Year-end balance of interest-bearing loans: Short-term borrowings and current portion of bonds payable (Current liabilities) + Long-term borrowings and bonds payable (Long-term liabilities)*
Net interest-bearing loans: Interest-bearing loans – Cash and cash equivalents
Owners' equity: Net assets – Subscription rights to shares – Minority interests in consolidated subsidiaries
* ¥284.5 billion of cash and cash equivalents in consolidated statements of cash flows as of the end of the previous fiscal year is calculated by deducting ¥2.0 billion of overdrafts, which is categorized within short-term borrowings in current liabilities, from cash and cash equivalents in the consolidated balance sheets.

Reference: Financial Indicators (Unit: billion yen)

Years ended March 31	2013	**2014**	YoY Change
Inventories	323.0	**330.2**	7.1
[Inventory turnover ratio]	[13.33]	**[14.58]**	[1.25]
[Monthly inventory turnover rate]	[1.00]	**[1.07]**	[0.07]
Shareholders' equity ratio	28.3%	**28.4%**	0.1%
Owners' equity ratio	21.4%	**18.6%**	(2.8%)
D/E ratio (times)	0.86	**0.91**	0.05
Net D/E ratio (times)	0.40	**0.38**	(0.02)

Notes: Inventory turnover ratio: Net sales ÷ {(Beginning balance of inventories + Year-end balance of inventories) ÷ 2}
Monthly inventory turnover: Net sales ÷ Average inventories during period* ÷ 12
Shareholders' equity ratio: Shareholders' equity ÷ Total assets
Owners' equity ratio: Owners' equity ÷ Total assets
D/E ratio: Interest-bearing loans ÷ Owners' equity
Net D/E ratio: (Interest-bearing loans – Cash and cash equivalents) ÷ Owners' equity
* Average inventories during the period are calculated as the average of the ending balance of inventories for each of the four quarters of the fiscal year.

Reference: Status of Retirement Benefit Plans (Unit: billion yen)

Years ended March 31	2013	**2014**	YoY Change
a. Projected benefit obligation	(2,151.1)	**(2,248.4)**	(97.2)
b. Plan assets	1,686.9	**1,865.1**	178.1
c. Projected benefit obligation in excess of plan assets (a)+(b)	(464.2)	**(383.3)**	80.8
(Net assets)			
Remeasurements of defined benefit plans, net of taxes	(149.7)	**(321.5)**	(171.8)
In Japan	–	**(146.7)**	(146.7)
Outside Japan	(149.7)	**(174.8)**	(25.0)
Unrecognized Obligation for Retirement Benefits for Plans in Japan	(308.7)	**(212.6)**	96.1
(Assumptions used in accounting for the plans)			
Discount Rates			
In Japan	1.7%	**1.7%**	–%
Outside Japan (Mainly in the UK)	mainly 4.4%	**mainly 4.4%**	–%

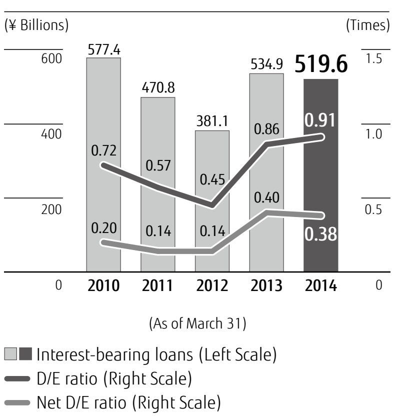
Consolidated total assets at the end of fiscal 2013 amounted to ¥3,079.5 billion ($29,898 million), an increase of ¥159.2 billion from the end of fiscal 2012. This represented an increase of approximately ¥120.0 billion as a result of the yen's depreciation. Current assets increased by ¥144.1 billion compared with the end of fiscal 2012, to ¥1,866.4 billion ($18,121 million). Notes and accounts receivable, trade increased by ¥95.0 billion as sales in the fourth quarter (January to March) of fiscal 2013 were higher than in the same period of fiscal 2012. Inventories at the end of fiscal 2013 increased to ¥330.2 billion ($3,206 million), up ¥7.1 billion from the ending balance of fiscal 2012, mainly due to the effects of the weaker yen. The monthly inventory turnover ratio, which is an indication of asset utilization efficiency, was 1.07 times, an improvement of 0.07 times from the end of fiscal 2012. In addition to more efficient management of inventories, particularly in PCs and LSI devices, the sale of the microcontroller and analog device business also had an impact. Fixed assets increased by ¥15.0 billion from the end of fiscal 2012, to ¥1,213.0 billion ($11,777 million). Investments and other noncurrent assets were ¥407.2 billion, up ¥14.9 billion from the end of fiscal 2012, mainly due to an increase in the value of available-for-sale securities attendant on the rise in stock prices. Moreover, as a result of a revision in the accounting standard for retirement benefits, the balance of unrecognized obligation for retirement benefits, such as actuarial gains and losses, is now to be recorded on the balance sheet as a defined benefit liability, offset with a defined benefit asset, together with the associated deferred tax asset.

Total liabilities amounted to ¥2,377.0 billion ($23,078 million), an increase of ¥209.1 billion compared to the end of fiscal 2012, mainly because unrecognized obligation for retirement benefits was recorded in accordance with a revision in the accounting standard for retirement benefits. Trade notes and accounts payable increased because of the impact of the weaker yen, whereas the provision for restructuring charges decreased on account of the payment of business structure improvement expenses for the LSI device business and businesses outside Japan. The balance of interest-bearing loans was ¥519.6 billion ($5,045 million), a decrease of ¥15.3 billion from the end of fiscal 2012. The Company issued ¥80.0 billion in straight bonds to cover the redemption of straight bonds and repay short-term borrowings and also made progress in paying down borrowings. As a result, the D/E ratio was 0.91 times, an increase of 0.05 of a percentage point compared to the end of fiscal 2012, and the net D/E ratio was 0.38 times, an increase of 0.02 of a percentage point compared to the end of fiscal 2012.

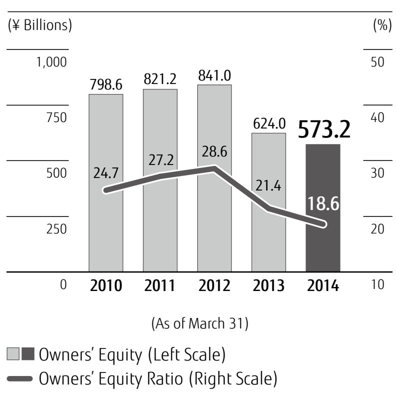
Net assets amounted to ¥702.4 billion ($6,820 million), a decrease of ¥49.9 billion from the end of fiscal 2012. Shareholders' equity increased, but accumulated other comprehensive income decreased. Shareholders' equity increased by ¥48.6 billion to ¥874.2 billion because of the net income being recorded in fiscal 2013. Accumulated other comprehensive income decreased by ¥99.5 billion compared to the end of fiscal 2012 to negative ¥301.0 billion, as a result of the reflection on the balance sheet of the unrecognized obligation for retirement benefits for plans in Japan, including actuarial gains and losses*[3], in accordance with a revision in the accounting standard for retirement benefits. Foreign currency translation adjustments was negative ¥17.7 billion compared to negative ¥79.4 billion at the end of fiscal 2012, on a reversal stemming from the liquidation of US subsidiary Fujitsu Management Services of America, Inc., and on the depreciation of the yen against the British pound. Unrealized gain and loss on securities increased ¥10.7 billion to ¥35.7 billion with a rise in stock prices. Consequently, consolidated owners' equity fell to ¥573.2 billion ($5,565 million), with an owners' equity ratio of 18.6%, representing a decline of 2.8 percentage points compared to the end of fiscal 2012.

With respect to the unrecognized obligation for retirement benefits, including actuarial gains and losses, of ¥387.2 billion for retirement benefits for plans in and outside Japan resulting from a revision in the accounting standard for retirement benefits, the ending balance of ¥321.5 billion on an after-tax basis has been fully recognized in remeasurements of define benefit plants, net of taxes under accumulated other comprehensive income as of the end of fiscal 2013, and has been deducted from net assets.

Interest-Bearing Loans, D/E Ratio and Net D/E Ratio



Owners' Equity/Owners' Equity Ratio



Owners' Equity Ratio: Owners' equity (Net assets – Subscription rights to shares – Minority interests in consolidated subsidiaries) ÷ Total assets

The unrecognized obligation for retirement benefits for plans in Japan improved by ¥96.1 billion from ¥308.7 billion at the end of fiscal 2012 to ¥212.6 billion ($2,064 million) at the end of fiscal 2013, mainly as a result of improvements in pension asset management. Following a revision in the accounting standard for retirement benefits, with regard to the ending balance of unrecognized obligation for retirement benefits of ¥212.6 billion, a post-tax amount of ¥146.7 billion has been deducted from remeasurements of defined benefit plans, net of taxes.

Meanwhile, the unrecognized obligation for retirement benefits relating to plans outside of Japan increased by ¥24.8 billion from ¥149.7 billion at the end of fiscal 2012 to ¥174.6 billion ($1,695 million), mainly because of the depreciation of the yen against the British pound. In accordance with a revision in "Employee Benefits" (IAS 19) applied at overseas consolidated subsidiaries, the amounts of unrecognized obligations for retirement benefits at the end of each fiscal year have been retrospectively revised, with deductions made from remeasurements of defined benefit plans, net of taxes in the amounts of ¥149.7 billion at the end of fiscal 2012 and ¥174.8 billion at the end of fiscal 2013.

Moreover, among operating lease transactions at the end of fiscal 2013, the minimum lease payment required under non-cancelable operating leases amounted to ¥94.4 billion ($917 million). In addition, commitments outstanding at March 31, 2014 for purchases of property, plant and equipment and intangible assets were ¥6.6 billion ($64 million), and contingent liabilities for guarantee contracts amounted to ¥1.2 billion ($11 million).

*[3] "Actuarial gains and losses" refer to disparities that occur chiefly as the result of differences between expected and actual returns from pension plan assets, differences between the estimates used for the actuarial calculation of retirement benefit obligations and actual obligations, and changes in estimates. Of these differences, those that have not yet been expensed are referred to as "unrecognized actuarial gains and losses." The Group expenses actuarial gains and losses over the average remaining service period of its employees.

Under the Japanese Companies Act, the entire amount paid for new shares is required to be designated as common stock in principal. However, a company may designate a maximum 50% of the amount of the new shares as capital reserve, which is included in capital surplus. The Companies Act also requires that an amount equal to 10% of dividends must be appropriated as a legal reserve, which is included in retained earnings, or as a capital reserve, which is included in capital surplus, until the aggregated amount of legal reserve and capital reserve equals 25% of common stock. The Companies Act also requires that legal reserve, capital reserve, other capital surplus and other retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

Capital surplus in the consolidated financial statements includes capital reserve and other capital surplus of non-consolidated financial statements, and retained earnings in the consolidated financial statements includes legal reserve and other retained earnings of non-consolidated financial statements. The maximum amount that a company can distribute as dividends is calculated based on the Companies Act and its non-consolidated financial statements in accordance with the Generally Accepted Accounting Principles in Japan.

Non-consolidated net assets of the Company were ¥604.2 billion ($5,866 million), up ¥193.8 billion from the end of the previous fiscal year. Shareholders' equity in the non-consolidated financial statements as of March 31, 2014 was ¥570.7 billion ($5,541 million) and consisted of common stock of ¥324.6 billion ($3,152 million), capital reserve of ¥166.2 billion ($1,615 million), legal reserve of ¥10.1 billion ($98 million) and other retained earnings of ¥70.1 billion ($681 million). Other retained earnings returned to a positive result at the end of fiscal 2013, after turning negative at the end of the previous fiscal year due to recording large impairment losses on subsidiaries' stock relating to LSI device business and business outside Japan.

In fiscal 2012, the Company posted negative other retained earnings. Accordingly, the Company did not pay a year-end dividend for fiscal 2012 or an interim dividend in fiscal 2013. However, because of the implementation of a variety of measures, for fiscal 2013, the Company's financial condition on a non-consolidated basis has recovered to a level at which dividend payments can be resumed. In consideration of the future sustainability of dividend payments, the Company has decided to pay a year-end dividend of ¥8.2 billion ($80 million), or ¥4 ($0.04) per share. The Company did not pay dividends from surplus during fiscal 2013.

Adding the Company's non-consolidated other retained earnings and other capital surplus together, the funds allocable for distribution amounted to ¥236.0 billion ($2,291 million), an increase of ¥183.7 billion from the end of the previous fiscal year. The unrecognized obligation for retirement benefits, in accordance with a revision in the accounting standard for retirement benefits, is not applied to balance sheet reporting for non-consolidated financial results. As of the end of fiscal 2013, the balance of the unrecognized obligation for retirement benefits for the non-consolidated financial statements was ¥147.2 billion ($1,429 million), with a reduction of ¥47.6 billion compared to the end of fiscal 2012, because of an improvement in the investment return on plan assets stemming from the increase in stock prices.

Cash Flows

Condensed Consolidated Statements of Cash Flows

(Unit: billion yen)

Years ended March 31	2013	**2014**	YoY Change
I Cash flows from operating activities	71.0	**175.5**	104.5
II Cash flows from investing activities	(161.4)	**(128.8)**	32.6
I+II Free cash flow	(90.4)	**46.6**	137.1
[Excluding one-time items]	[8.4]	**[14.4]**	[6.0]
III Cash flows from financing activities	100.3	**(44.7)**	(145.1)
IV Cash and cash equivalents at end of year	284.5	**301.1**	16.6

Note: "Free cash flow excluding one-time items" refers to free cash flow excluding the following:
- Proceeds from sales of available-for-sale securities;
- Proceeds from business transfers; and
- A special contribution (¥114.3 billion) during the year ended March 31, 2013 into pension schemes of the Company's UK subsidiary.

Net cash provided by operating activities during fiscal 2013 amounted to ¥175.5 billion ($1,704 million), a year-on-year increase of ¥104.5 billion. Contributing factors include an outflow of approximately ¥50.0 billion ($485 million) for the payment of restructuring charges relating to the LSI device business and business outside Japan, as well as approximately ¥26.0 billion ($252 million) in outflows for the payment of income tax withheld in relation to dividends received from subsidiaries in Japan in the fourth quarter of the fiscal year. On the other hand, income before income taxes and minority interests improved this fiscal year, and, in fiscal 2012, there was a one-time outflow of ¥114.3 billion ($1,110 million) for a special payment to the pension fund held by a UK subsidiary.

Net cash used in investing activities was ¥128.8 billion ($1,251 million). Outflows mainly consisted of capital expenditure for purchases of property, plant and equipment amounting to ¥114.1 billion ($1,108 million), primarily related to datacenters, and purchases of intangible assets amounting to ¥64.8 billion ($630 million), primarily software. There was an inflow of cash from the sale of investment securities and an inflow of cash from the maturity of a time deposit that had been held for fund management purposes. Compared to fiscal 2012, net outflows decreased by ¥32.6 billion.

Free cash flow, the sum of cash flows from operating and investing activities, was positive ¥46.6 billion ($453 million), representing an increase in net cash inflows of ¥137.1 billion compared to the previous fiscal year. Inflows from the sales of investment securities and the sale of a business, excluding one-time items such as the special contribution in the previous fiscal year to the pension fund held by the Company's UK subsidiary, resulted in increased cash inflows of ¥6.0 billion in fiscal 2013, largely unchanged from the previous fiscal year.

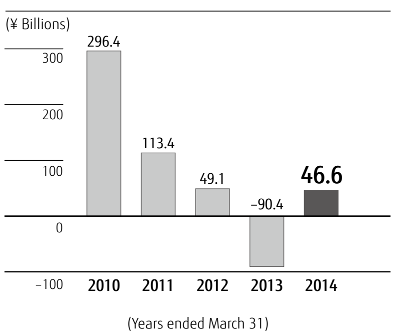
Net cash used in financing activities was ¥44.7 billion ($435 million). Short-term borrowings in the previous fiscal year that were used to finance a special contribution to the pension fund held by the Company's UK subsidiary were repaid and replaced by straight bonds and other long-term borrowings. This led to a decrease in net cash inflows of ¥145.1 billion compared to fiscal 2012.

As a result of the above factors, cash and cash equivalents at the end of fiscal 2013 were ¥301.1 billion ($2,924 million), an increase of ¥16.6 billion compared to the end of fiscal 2012.

To ensure efficient funding when the need for funds arises, the Group views the maintenance of an appropriate level of liquidity as an important policy with respect to its financing activities. "Liquidity" refers to cash and cash equivalents and the total unused balance of financing frameworks based on commitment lines established with multiple financial institutions. As of March 31, 2014, the Group had liquidity of ¥498.8 billion ($4,843 million), of which ¥301.1 billion ($2,924 million) was cash and cash equivalents and ¥197.7 billion ($1,919 million) was the yen value of unused commitment lines.

To raise funds from global capital markets, the Group has acquired bond ratings from Moody's Investors Service (Moody's), Standard & Poor's (S&P), and Rating and Investment Information, Inc. (R&I). As of March 31, 2014, the Company had bond ratings (long-term/short-term) of A3 (long-term) from Moody's, BBB+ (long-term) from S&P, and A (long-term) and a-1 (short-term) from R&I, all unchanged from the previous fiscal year end.

Free Cash Flow



4. Restatements to Reflect Accounting Standard Revisions

The Company's consolidated subsidiaries outside Japan prepare their financial statements in accordance with IFRS (International Financial Reporting Standards) and have adopted the revised IAS 19 "Employee Benefits" from the beginning of fiscal 2013. In line with this change, financial figures for the previous fiscal year have been retrospectively revised for comparison purposes. The revised accounting standards and the impact on the Group's consolidated financial statements for the previous fiscal year are outlined as follows:

(1) Outline of revisions to accounting standards

a. The unrecognized obligation for retirement benefits will be brought on the balance sheet upon accrual after adjusting for tax effects.

b. Amortization of actuarial gains and losses (differences between expected and actual returns from pension plan assets, etc.) has been abolished.

However, amortization is required in consolidation procedures based on Japanese accounting standards. Because consolidated subsidiaries outside Japan had previously applied the corridor approach for amortizing actuarial gains and losses, the corridor component of amortization expenses that was previously not recognized will be an increase.

c. Net interest cost has been introduced to replace interest cost and expected return on plan assets. The cost burden will increase because the expected return on plan assets will be calculated by applying the discount rate.

(2) Retrospective revision of previous year's figure

Condensed Consolidated Balance Sheets (Unit: billion yen)

	Before revision 2013	Retrospective revision	**After revision 2013**
Total assets	3,049.0	(128.7)	**2,920.3**
Total liabilities	2,139.2	28.6	**2,167.8**
Net assets	909.8	(157.3)	**752.4**
Owners' equity	781.4	(157.3)	**624.0**
Owners' equity ratio	25.6%	(4.2%)	**21.4%**

Condensed Consolidated Income Statements (Unit: billion yen)

	Before revision 2013	Retrospective revision	**After revision 2013**
Net sales	4,381.7	–	**4,381.7**
Operating income	95.2	(7.0)	**88.2**
Income before income taxes and minority interests	(45.1)	(7.0)	**(52.1)**
Net income	(72.9)	(7.0)	**(79.9)**
<Breakdown of operating income by segment>			
Technology Solutions	180.9	(7.0)	**173.9**
Ubiquitous Solutions	9.6	–	**9.6**
Device Solutions	(14.2)	–	**(14.2)**

5. Capital Expenditure

In fiscal 2013, capital expenditure totaled ¥122.2 billion ($1,187 million), essentially unchanged from the previous fiscal year. In the Technology Solutions segment, capital expenditures totaled ¥69.5 billion ($676 million), up 16.8% year on year, for expansion of datacenters in Japan and overseas, along with spending on development facilities for network products, among other items. In the Ubiquitous Solutions segment, the Group spent ¥14.9 billion ($145 million), essentially unchanged from the previous year, mainly for manufacturing facilities for car audio and navigation systems. In the Device Solutions segment, expenditures totaled ¥33.9 billion ($330 million), down 16.1% year on year, mainly for facilities needed to increase production of semiconductor packages, among electronic components. In areas other than the abovementioned segments, capital expenditures were ¥3.7 billion ($37 million).

6. Consolidated Subsidiaries

At the end of fiscal 2013, the number of consolidated subsidiaries in Japan totaled 194, and the number outside Japan totaled 318, for a total of 512 subsidiaries. This represents a net decrease of 2 subsidiaries from 514 at the end of fiscal 2012, comprising 14 subsidiaries added through acquisition or establishment and 16 subsidiaries removed through merger, liquidation, or sale.

The number of affiliated companies accounted for by the equity method as of the fiscal year-end totaled 24. This represents a net decrease of 2 companies from 26 at the end of fiscal 2012, comprising 1 company added and 3 companies removed.

7. Critical Accounting Policies and Estimates

The accompanying consolidated financial statements of the Group have been prepared in accordance with accounting principles and practices generally accepted in Japan and the regulations under the Financial Instruments and Exchange Law of Japan. The preparation of the consolidated financial statements requires management to make assumptions and estimates that affect the amount of the assets, liabilities, contingent assets and contingent liabilities reported at the end of the fiscal year, as well as the amount of revenue and expenses recognized during that term. Actual results may differ from these estimates. The following assumptions and estimates based on the application of accounting principles are those that the management believes may have a material impact on the consolidated financial statements.

Revenue Recognition

Revenue from sales of ICT systems and products, excluding customized software under development contracts, is recognized upon acceptance by the customers, whereas revenue from sales of personal computers, other peripheral equipment and electronic devices is recognized when the products are delivered to the customers. Revenue from customized software under development contracts is recognized on a percentage-of-completion basis.

The Group stringently assesses the potential revenue recoverable on projects for which estimated costs have exceeded estimated revenue, and recognizes the amounts assessed as non-recoverable as losses. If the estimated costs relating to such contracts increase further in the future, additional losses may be recognized.

Inventories

Inventories are carried at the acquisition cost. However, should the net realizable value ("NRV") at the fiscal year-end fall below that of the acquisition cost, inventories are subsequently measured based on the NRV, with the difference in value between the acquisition cost and the NRV, in principle, booked as cost of sales. Inventories outside the normal operating cycle are calculated at an NRV that reflects future demand and market trends. The Group may experience substantial losses in cases where the NRV drops dramatically as a result of deterioration in the market environment compared to forecasts.

Property, Plant and Equipment

Depreciation for property, plant and equipment is computed by the straight-line method at rates based on the estimated useful lives of the respective assets, reflecting the likely period over which the value of the assets can be realized under normal business conditions. In the future, some equipment and facilities may become obsolete or may be repurposed as a result of technical innovation or other factors. In such cases, their actual useful lives may be reduced to shorter than their originally estimated useful lives. As such, there is a risk that depreciation expenses may increase.

In addition, impairment losses may be recognized in cases in which there is a decline in expected future cash flows from assets due to production facilities becoming idle and a decrease in the capacity utilization rate, associated with rapid changes in the operating environment or other factors, and business realignment.

Software

Computer software for sale is amortized by a method based on projected sales volume over the estimated life. Computer software for internal use is amortized by the straight-line method over the useful life. Should actual sales volumes fail to meet initial projected volumes due to changes in the business environment, etc., or should actual useful life in the future be less than the original estimate, there is a risk that amortization expenses may increase.

Goodwill

Goodwill arising from the acquisition of a business, including those purchased by consolidated subsidiaries, is amortized by the straight-line method over the period corresponding to the premium of the acquired business. Losses may be recognized if the profitability of the acquired business decreases or if the Group withdraws from or sells the business during the period the Group expected the return.

Investment Securities

Held-to-maturity investments are stated at amortized cost, while available-for-sale securities with market value are carried at fair market value as of the balance sheet date. Available-for-sale securities without market value are carried at cost based on the moving-average method. Fluctuations in the value of available-for-sale securities with market value cause fluctuations in the carrying value of investment securities, resulting in increases or decreases in net assets. Impairment loss is recognized on available-for-sale securities when the market value or the net worth falls significantly and is considered to be unrecoverable. If a significant decline in market value or net worth occurs and is expected to be unrecoverable in the future, additional impairment losses may need to be recognized.

Deferred Tax Assets

The Group records an appropriate balance of deferred tax assets against losses carried forward and temporary differences. Future increases or decreases in the balance of deferred tax assets may occur if projected taxable income decreases or increases as a result of trends in future business results. In addition, changes in the effective tax rate due to future revisions to taxation systems could result in increases or decreases of deferred tax assets.

Provision for Product Warranties

Some of the Group's products are covered by contracts that require the Group to repair or exchange them free of charge during a set period of time. Based on past records, the Group recognizes a provision for estimated repair and exchange expenses at the time of sale. The Group is taking steps to strengthen quality management during the product development, manufacturing and procurement stages. However, should product defects or other problems occur at a level in excess of that covered by the estimated expenses, additional expenses may be incurred.

Provision for Construction Contract Losses

The Group records provisions for projected losses on customized software under development contracts and construction contracts that show an acute deterioration in profitability as of the fiscal year-end. The Group is taking steps to curtail the emergence of new, unprofitable projects by moving ahead with the standardization of its business processes, establishing a check system as a dedicated organizational component, and conducting risk management throughout the entire progression of a project (beginning with business negotiations). Notwithstanding these efforts, the Group may incur additional losses in the event of an increase in estimated project costs in the future.

Retirement Benefit Obligation

Defined benefit liability and defined benefit expenses for employees are determined based on certain actuarial assumptions which include discount rates, employee turnover rates and mortality rates. When actual results differ from the assumptions or when the assumptions are changed, the defined benefit liability and defined benefit expenses can be affected.

(Reference) Measures for the Future

(1) Fiscal 2014 New Medium-Term Management Plan

On May 29, 2014, the Group announced a new medium-term management plan running through fiscal 2016.

The Group returned owners' equity to a self-sustaining path to recovery by achieving favorable results in Technology Solutions, which comprises the Group's core businesses and includes services, server-related and network products businesses, and by taking workforce-related measures and other efforts to streamline operations. This came after owners' equity had been significantly diminished as a result of structural reforms in the underperforming semiconductor business and overseas businesses and on account of retirement benefit obligations posted to the balance sheet. Starting in fiscal 2014, the Group is switching from a defensive posture to go on the offense, and will expand investment to achieve new growth. Moreover, the Group will strengthen its global delivery functions to meet customer needs, while enhancing its common products and services globally. Dividing the customers axes into the five regions of Japan, EMEIA (Europe, Middle East, India, and Africa), the Americas, Asia, and Oceania, the Group will adopt a matrix management structure in which the common operational axes of the Global Delivery, Integration Services, and Service Platform businesses are intersected with each other in order to further advance global collaboration.

The Group is targeting operating profit of ¥250.0 billion, profit for the year of at least ¥150.0 billion and free cash flow of at least ¥130.0 billion in fiscal 2016*.

* Forward-looking statements regarding the medium-term management plan are future projections calculated based on a variety of judgments, estimates and assumptions. These statements reflect predictions based on management's judgment and objectives, as well as conditions and assumptions up to June 23, 2014, the date of submission of the Annual Securities Report, regulated by the Financial Instruments and Exchange Law of Japan, and do not constitute a guarantee of future results. Furthermore, the financial targets of the new medium-term management plan have been determined based on IFRS.

(2) Voluntary Adoption of IFRS

The Group passed a resolution at a meeting of the Board of Directors held on April 30, 2014 to voluntarily adopt IFRS for its consolidated financial statements starting in fiscal 2014.

Outside of Japan, the Group has expanded its business across the globe to regions such as Europe, the Americas, and Asia. As the importance of its business outside of Japan grows year by year, the adoption of IFRS as a single, uniform accounting standard will enable coherent business management for Group companies both in and outside of Japan. Moreover, by implementing IFRS-based business management for the management platform as a truly global company, the Group will pursue greater efficiency to promote global growth and to increase its corporate value. In adopting IFRS, the Group also seeks to facilitate international comparisons of its financial information in global capital markets.

The impact of the voluntary adoption of IFRS on the consolidated income statements and balance sheets is outlined below. The voluntary adoption of IFRS will have no impact on the non-consolidated financial statements.

Consolidated Income Statements

- Net sales: No difference.
- Operating profit and profit for the year will increase mainly due to changes in the method of expensing retirement benefits and goodwill. Under IFRS, the Group will no longer incur amortization expenses for actuarial gains and losses such as pension fund shortfalls with respect to retirement benefits. Under Japanese accounting standards, actuarial gains and losses are amortized over the average remaining service period of employees from the subsequent fiscal year after they arise. Under IFRS, actuarial gains and losses are reflected immediately in retained earnings instead of being periodically amortized. Furthermore, there is no periodic amortization of goodwill under IFRS.

  Upon adoption of IFRS, items that are not financial income and expenses, net or equity in earnings of affiliates, net, such as expenses for the structural reform of businesses and impairment losses, will be included in operating profit. Previously, these items were included in other income (expenses).

Consolidated Balance Sheets

- There is no significant impact on assets and liabilities.
- There is a change in presentation of the components of net assets. The impact of pension fund shortfalls on reducing net assets will be reclassified to retained earnings from accumulated other comprehensive income. This will have the effect of reducing retained earnings.

CONSOLIDATED BALANCE SHEETS

Fujitsu Limited and Consolidated Subsidiaries

At March 31	Notes	Yen (millions) 2013	2014	U.S. Dollars (thousands) (Note 2) 2014
Assets				
Current assets:				
Cash and cash equivalents	9,11,12	¥ 286,602	**¥ 301,162**	**$ 2,923,903**
Short-term investments	11,12	18,363	**4,488**	**43,573**
Receivables, trade	11	895,984	**991,071**	**9,622,049**
Allowance for doubtful accounts	11	(12,079)	**(10,824)**	**(105,087)**
Inventories	3	323,092	**330,202**	**3,205,845**
Deferred tax assets	16	81,988	**81,360**	**789,903**
Others	11,13	128,341	**168,998**	**1,640,757**
Total current assets		1,722,291	**1,866,457**	**18,120,942**
Property, plant and equipment:				
Land	4,6	108,947	**107,672**	**1,045,359**
Buildings	4,6,10	809,089	**827,558**	**8,034,544**
Machinery and equipment	4,10,21	1,341,223	**1,325,270**	**12,866,699**
Construction in progress	4,21	27,987	**24,382**	**236,718**
		2,287,246	**2,284,882**	**22,183,320**
Less accumulated depreciation		(1,668,786)	**(1,665,256)**	**(16,167,534)**
Property, plant and equipment, net		618,460	**619,626**	**6,015,786**
Intangible assets:				
Software	10,21	133,818	**135,702**	**1,317,495**
Goodwill	5	29,574	**27,503**	**267,019**
Others	21	23,931	**23,046**	**223,748**
Total intangible assets		187,323	**186,251**	**1,808,262**
Investments and other non-current assets:				
Net defined benefit asset	14	51,393	**2,715**	**26,359**
Deferred tax assets	16	67,018	**104,688**	**1,016,388**
Investments in and long-term loans to affiliates	11	48,833	**56,424**	**547,806**
Others	11,12,13	225,008	**243,373**	**2,362,845**
Total investments and other non-current assets		392,252	**407,200**	**3,953,398**
Total assets	18	¥ 2,920,326	**¥ 3,079,534**	**$ 29,898,388**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

At March 31	Notes	Yen (millions) 2013	Yen (millions) 2014	U.S. Dollars (thousands) (Note 2) 2014
Liabilities and net assets				
Liabilities				
Current liabilities:				
Short-term borrowings and current portion of long-term debt	6,11	¥ 289,722	**¥ 129,079**	**$ 1,253,194**
Lease obligations	10,11	14,385	**13,549**	**131,544**
Payables, trade	11	566,757	**641,211**	**6,225,350**
Accrued expenses	11	322,765	**339,836**	**3,299,379**
Accrued income taxes		23,316	**20,263**	**196,728**
Provision for product warranties		26,847	**20,920**	**203,107**
Provision for construction contract losses		8,974	**16,497**	**160,165**
Provision for bonuses to board members		–	**89**	**864**
Provision for restructuring charges		64,012	**34,483**	**334,786**
Provision for environmental measures		219	**2,894**	**28,097**
Others	11,13,16	251,512	**243,536**	**2,364,427**
Total current liabilities		1,568,509	**1,462,357**	**14,197,641**
Long-term liabilities:				
Long-term debt	6,11	245,245	**390,561**	**3,791,854**
Lease obligations	10,11	26,764	**27,579**	**267,757**
Deferred tax liabilities	16	33,781	**11,931**	**115,835**
Provision for loss on repurchase of computers		12,427	**11,201**	**108,748**
Provision for product warranties		2,195	**2,157**	**20,942**
Provision for recycling expenses		1,870	**1,889**	**18,340**
Provision for restructuring charges		13,822	**15,481**	**150,301**
Provision for environmental measures		5,453	**5,145**	**49,951**
Net defined benefit liability	14	207,125	**386,294**	**3,750,427**
Others	11,13	50,697	**62,490**	**606,699**
Total long-term liabilities		599,379	**914,728**	**8,880,854**
Total liabilities		2,167,888	**2,377,085**	**23,078,495**
Net assets				
Shareholders' equity:				
Common stock		324,625	**324,625**	**3,151,699**
Capital surplus		236,429	**236,429**	**2,295,427**
Retained earnings		264,849	**313,598**	**3,044,641**
Treasury stock, at cost		(340)	**(422)**	**(4,097)**
Accumulated other comprehensive income:				
Unrealized gain and loss on securities, net of taxes	12	25,070	**35,792**	**347,495**
Deferred gains or losses on hedges and others, net of taxes		2,545	**2,456**	**23,845**
Foreign currency translation adjustments		(79,409)	**(17,700)**	**(171,845)**
Remeasurements of defined benefit plans, net of taxes		(149,724)	**(321,567)**	**(3,122,010)**
Owners' equity		624,045	**573,211**	**5,565,155**
Subscription rights to shares		80	**82**	**796**
Minority interests in consolidated subsidiaries		128,313	**129,156**	**1,253,942**
Total net assets		752,438	**702,449**	**6,819,893**
Total liabilities and net assets		¥2,920,326	**¥3,079,534**	**$29,898,388**

MANAGEMENT
PERFORMANCE
RESPONSIBILITY
FACTS & FIGURES

CONSOLIDATED INCOME STATEMENTS

Fujitsu Limited and Consolidated Subsidiaries

Years ended March 31	Notes	Yen (millions) 2013	Yen (millions) 2014	U.S. Dollars (thousands) (Note 2) 2014
Net sales	18	¥4,381,728	**¥4,762,445**	**$46,237,330**
Operating costs and expenses:				
Cost of sales	7,14,15	3,177,962	**3,493,246**	**33,915,010**
Selling, general and administrative expenses	7,14,15	1,115,494	**1,126,632**	**10,938,175**
		4,293,456	**4,619,878**	**44,853,184**
Operating income	18	88,272	**142,567**	**1,384,146**
Other income (expenses):				
Financial income and expenses, net		(2,772)	**(1,289)**	**(12,515)**
Equity in earnings of affiliates, net		6,705	**6,546**	**63,553**
Other, net	7,14	(144,324)	**(54,890)**	**(532,913)**
		(140,391)	**(49,633)**	**(481,874)**
Income (loss) before income taxes and minority interests		(52,119)	**92,934**	**902,272**
Income taxes:				
Current	16	31,726	**35,040**	**340,194**
Deferred	16	(7,466)	**2,021**	**19,621**
		24,260	**37,061**	**359,816**
Income (loss) before minority interests		(76,379)	**55,873**	**542,456**
Minority interests in income (loss) of consolidated subsidiaries		3,540	**7,263**	**70,515**
Net income (loss)		¥ (79,919)	**¥ 48,610**	**$ 471,942**

	Notes	Yen 2013	Yen 2014	U.S. Dollars (Note 2) 2014
Amounts per share of common stock:				
Basic earnings	20	¥(38.62)	**¥23.49**	**$0.228**
Diluted earnings	20	–	**23.49**	**0.228**
Cash dividends		5.00	**4.00**	**0.039**
[Interim cash dividends]		[5.00]	**[–]**	**[–]**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Fujitsu Limited and Consolidated Subsidiaries

Years ended March 31	Notes	Yen (millions) 2013	Yen (millions) 2014	U.S. Dollars (thousands) (Note 2) 2014
Income (loss) before minority interests		¥(76,379)	**¥ 55,873**	**$ 542,456**
Other comprehensive income:	8			
Unrealized gain and loss on securities, net of taxes		11,545	**10,810**	**104,951**
Deferred gains or losses on hedges and others, net of taxes		27	**(55)**	**(534)**
Foreign currency translation adjustments		22,216	**60,054**	**583,049**
Remeasurements of defined benefit plans, net of taxes		(40,010)	**(25,088)**	**(243,573)**
Share of other comprehensive income of affiliates accounted for using the equity method		1,985	**3,313**	**32,165**
Total other comprehensive income		(4,237)	**49,034**	**476,058**
Comprehensive income		¥(80,616)	**¥104,907**	**$1,018,515**
Attributable to:				
Owners of the parent		¥(86,694)	**¥ 95,912**	**$ 931,184**
Minority interests		6,078	**8,995**	**87,330**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Fujitsu Limited and Consolidated Subsidiaries

Yen (millions)

	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Unrealized gain and loss on securities, net of taxes	Deferred gains or losses on hedges and others, net of taxes	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans, net of tax	Subscription rights to shares	Minority interests in consoli-dated subsidiaries	Total net assets
Balance at April 1, 2012	¥324,625	¥236,432	¥ 365,300	¥(318)	¥ 926,039	¥13,660	¥3,491	¥(102,151)	¥ –	¥78	¥125,481	¥ 966,598
Cumulative effects of changes in accounting policies									¥(109,714)			¥(109,714)
Balance at April 1, 2012 – restated	¥324,625	¥236,432	¥ 365,300	¥(318)	¥ 926,039	¥13,660	¥3,491	¥(102,151)	¥(109,714)	¥78	¥125,481	¥ 856,884
Increase (decrease) during the term:												
Cash dividends from retained earnings			(20,693)		(20,693)							(20,693)
Net loss			(79,919)		(79,919)							(79,919)
Purchase of treasury stock				(33)	(33)							(33)
Disposal of treasury stock		(3)		11	8							8
Change in scope of consolidation			160		160							160
Other, net			1		1							1
Net increase (decrease) during the term, except for items under shareholders' equity						11,410	(946)	22,742	(40,010)	2	2,832	(3,970)
Net increase (decrease) during the term	–	(3)	(100,451)	(22)	(100,476)	11,410	(946)	22,742	(40,010)	2	2,832	(104,446)
Balance at April 1, 2013	**¥324,625**	**¥236,429**	**¥ 264,849**	**¥(340)**	**¥ 825,563**	**¥25,070**	**¥2,545**	**¥ (79,409)**	**¥(149,724)**	**¥80**	**¥128,313**	**¥ 752,438**
Increase (decrease) during the term:												
Net income			**48,610**		**48,610**							**48,610**
Purchase of treasury stock				**(84)**	**(84)**							**(84)**
Disposal of treasury stock				**2**	**2**							**2**
Change in scope of consolidation			**(10)**		**(10)**							**(10)**
Other, net			**149**		**149**							**149**
Net increase (decrease) during the term, except for items under shareholders' equity						**10,722**	**(89)**	**61,709**	**(171,843)**	**2**	**843**	**(98,656)**
Net increase (decrease) during the term	**–**	**–**	**48,749**	**(82)**	**48,667**	**10,722**	**(89)**	**61,709**	**(171,843)**	**2**	**843**	**(49,989)**
Balance at March 31, 2014	**¥324,625**	**¥236,429**	**¥ 313,598**	**¥(422)**	**¥ 874,230**	**¥35,792**	**¥2,456**	**¥ (17,700)**	**¥(321,567)**	**¥82**	**¥129,156**	**¥ 702,449**
												U.S. Dollars (thousands) (Note 2)
Balance at April 1, 2013 (in U.S. Dollars)	**$3,151,699**	**$2,295,427**	**$2,571,350**	**$(3,301)**	**$8,015,175**	**$243,398**	**$ 24,709**	**$(770,961)**	**$(1,453,631)**	**$777**	**$1,245,757**	**$7,305,223**
Increase (decrease) during the term:												
Net income			**471,942**		**471,942**							**471,942**
Purchase of treasury stock				**(816)**	**(816)**							**(816)**
Disposal of treasury stock				**19**	**19**							**19**
Change in scope of consolidation			**(97)**		**(97)**							**(97)**
Other, net			**1,447**		**1,447**							**1,447**
Net increase (decrease) during the term, except for items under shareholders' equity						**104,097**	**(864)**	**599,117**	**(1,668,379)**	**19**	**8,184**	**(957,825)**
Net increase (decrease) during the term	**–**	**-**	**473,291**	**(796)**	**472,495**	**104,097**	**(864)**	**599,117**	**(1,668,379)**	**19**	**8,184**	**(485,330)**
Balance at March 31, 2014 (in U.S. Dollars)	**$3,151,699**	**$2,295,427**	**$3,044,641**	**$(4,097)**	**$8,487,670**	**$347,495**	**$ 23,845**	**$(171,845)**	**$(3,122,010)**	**$796**	**$1,253,942**	**$6,819,893**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fujitsu Limited and Consolidated Subsidiaries

			Yen (millions)	U.S. Dollars (thousands) (Note 2)
Years ended March 31	Notes	2013	**2014**	**2014**
Cash flows from operating activities (A):				
Income (loss) before income taxes and minority interests		¥ (52,119)	**¥ 92,934**	**$ 902,272**
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization		178,391	**176,059**	**1,709,311**
Impairment loss		62,551	**9,621**	**93,408**
Amortization of goodwill		14,231	**9,708**	**94,252**
Increase (decrease) in provisions		46,027	**(38,720)**	**(375,922)**
Retirement benefit expenses, net of contribution		(116,484)	**4,573**	**44,398**
Financial income and expenses, net		2,772	**1,289**	**12,515**
Equity in earnings of affiliates, net		(6,705)	**(6,546)**	**(63,553)**
Loss on disposal of non-current assets		3,400	**5,241**	**50,883**
Gain on sales of investment securities	9	–	**(6,847)**	**(66,476)**
(Increase) decrease in receivables, trade		34,184	**(58,867)**	**(571,524)**
(Increase) decrease in inventories		17,207	**(2,810)**	**(27,282)**
Increase (decrease) in payables, trade		(71,609)	**46,284**	**449,359**
Other, net		(18,671)	**12,975**	**125,971**
Cash generated from operations		93,175	**244,894**	**2,377,612**
Interest and dividends received		4,934	**6,543**	**63,524**
Interest paid		(7,193)	**(6,582)**	**(63,903)**
Income taxes paid		(19,906)	**(69,323)**	**(673,039)**
Net cash provided by operating activities		71,010	**175,532**	**1,704,194**
Cash flows from investing activities (B):				
Purchases of property, plant and equipment		(111,531)	**(114,121)**	**(1,107,971)**
Proceeds from sales of property, plant and equipment		5,767	**11,010**	**106,893**
Purchases of intangible assets		(64,448)	**(64,862)**	**(629,728)**
Proceeds from sales of investment securities		4,483	**21,367**	**207,447**
Proceeds from transfer of business	9	10,980	**10,807**	**104,922**
Other, net		(6,732)	**6,926**	**67,243**
Net cash used in investing activities		(161,481)	**(128,873)**	**(1,251,194)**
A+B *		(90,471)	**46,659**	**453,000**
Cash flows from financing activities:				
Increase (decrease) in short-term borrowings		148,007	**(185,880)**	**(1,804,660)**
Proceeds from long-term debt		79,808	**241,557**	**2,345,214**
Repayment of long-term debt		(87,583)	**(81,358)**	**(789,883)**
Dividends paid		(23,104)	**(2,662)**	**(25,845)**
Other, net		(16,744)	**(16,451)**	**(159,718)**
Net cash provided by (used in) financing activities		100,384	**(44,794)**	**(434,893)**
Effect of exchange rate changes on cash and cash equivalents		7,409	**15,267**	**148,223**
Net increase (decrease) in cash and cash equivalents		17,322	**17,132**	**166,330**
Cash and cash equivalents at beginning of year		266,698	**284,548**	**2,762,602**
Increase in cash and cash equivalents of newly consolidated subsidiaries		528	**14**	**136**
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation		–	**(532)**	**(5,165)**
Cash and cash equivalents at end of year	9	¥ 284,548	**¥ 301,162**	**$ 2,923,903**
Non-cash investing and financing activities:				
Acquisition of assets under finance leases		¥ 12,032	**¥ 11,269**	**$ 109,408**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.
* This is referred to as "free cash flow" in Management's Discussion and Analysis of Operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fujitsu Limited and Consolidated Subsidiaries

1. Significant Accounting Policies

(a) Basis of presenting consolidated financial statements and the principles of consolidation

The accompanying consolidated financial statements of Fujitsu Limited (the "Company") and its consolidated subsidiaries (together, the "Group") have been prepared in accordance with the regulations under the Financial Instruments and Exchange Law of Japan and accounting principles and practices generally accepted in Japan. In presenting the accompanying consolidated financial statements, certain items have been reclassified for the convenience of readers outside Japan.

The consolidated financial statements include the accounts of the Company and, with minor exceptions, those of its majority-owned subsidiaries.

The Company's consolidated subsidiaries outside Japan prepare their financial statements in accordance with IFRS (International Financial Reporting Standards). However, certain items, such as amortization of goodwill and amortization of actuarial gains and losses associated with defined benefits, are adjusted in the process of consolidation based on "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan, Practical Issues Task Force, No. 18 dated February 19, 2010).

The acquisition of companies is accounted for by the purchase method. Goodwill represents the excess of the acquisition cost over the fair value of the net assets of the acquired companies.

Investments in affiliates, with minor exceptions, are accounted for by the equity method.

(Changes in the Accounting Policies for the Consolidated Financial Statements for the year ended March 31, 2014)

<Application of Accounting Standard for Retirement Benefits>

Effective from the end of the year ended March 31, 2014, the Company and its consolidated subsidiaries in Japan have applied "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan, Statement No. 26, issued May 17, 2012, hereafter "Accounting Standard for Retirement Benefits") and "Implementation Guidance on Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan, Guidance No. 25, issued May 17, 2012, hereafter "Guidance on Accounting Standard for Retirement Benefits"). The Company and its consolidated subsidiaries in Japan have chosen to forgo the earlier application of provisions on retirement benefit obligations and service costs (paragraphs 16 through 21 in Accounting Standard for Retirement Benefits, and paragraphs 4 through 16 and paragraphs 22 through 32 in Guidance on Accounting Standard for Retirement Benefits).

Switching to a method by which the amount of plan assets are subtracted from retirement benefit obligations and the balance is recorded in net defined benefit liability (asset), unrecognized actuarial gains and losses and past service costs are reflected in remeasurements of defined benefit plans, net of taxes, under net assets, and recorded in net defined benefit liability (asset) as of March 31, 2014.

In accordance with the provision for transitional treatment as stated in paragraph 37 of the Accounting Standard for Retirement Benefits, the Company and its consolidated subsidiaries in Japan have not applied the standard retrospectively, and the amount of the impact stemming from this change is added to or subtracted from remeasurements of defined benefit plans, net of taxes, under accumulated other comprehensive income as of March 31, 2014.

As a result, investments and other non-current assets as of March 31, 2014 have declined by ¥37,793 million ($366,922 thousand), non-current liabilities have increased by ¥114,246 million ($1,109,184 thousand), and net assets fell by ¥152,039 million ($1,476,107 thousand), of which accumulated other comprehensive income declined by ¥146,756 million ($1,424,816 thousand) and minority interests in consolidated subsidiaries declined by ¥5,283 million ($51,291 thousand). There is no impact on the amounts of operating income, income before income taxes and minority interests, net income, other comprehensive income and comprehensive income for the year ended March 31, 2014. The impact of these changes on earnings per share data can be found in "20. Earnings per Share."

<Application of IAS 19 "Employee Benefits">

The Company's consolidated subsidiaries outside Japan have applied IAS 19 "Employee Benefits" (issued June 16, 2011) at the beginning of the year ended March 31, 2014.

The main changes resulting from the application of the accounting standard are as follows: 1) Regarding remeasurements of the net defined benefit liability (asset), including actuarial gains and losses, the option of partial recognition is abolished, and instead immediate recognition through net assets, as remeasurements of defined benefit plans (net of tax effects) under accumulated other comprehensive income, is required. The funded status is recognized as a liability or asset. 2) Consolidated subsidiaries outside Japan had applied the corridor approach for recognizing a portion of actuarial gains and losses as an expense. Under the corridor approach, when the net cumulative unrecognized actuarial gains and losses at the end of the previous fiscal year exceed the greater of 10% of the present value of the defined benefit obligation or 10% of the fair value of plan assets, the excess amount is recognized as an expense over the expected average remaining service lives of employees. Starting this fiscal year, consolidated subsidiaries outside Japan recognize actuarial gains and losses in accumulated other comprehensive income and do not recycle to the income statement in accordance with the application of IAS 19. However, in the process of the Group's consolidation, actuarial gains and losses are recycled to the income statement in line with the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan, Practical Issues Task Force, No. 18 dated February 19, 2010). Actuarial gains and losses are periodically recognized as an expense over the expected average remaining service lives of employees. 3) Recognition of the net interest on the net defined benefit liability (asset) replaces the recognition of the interest cost and the expected return on plan assets previously required.

These changes in accounting policies are applied retrospectively, and the consolidated financial statements for the year ended March 31, 2013 reflect this retrospective application.

As a result of retrospective application of these changes in the accounting policy, the amounts for operating income, income before income taxes and minority interests, and net income have all been decreased by ¥7,006 million for the year ended March 31, 2013, respectively. Other comprehensive income has decreased by ¥40,651 million and comprehensive income has decreased by ¥47,657 million.

The balance as of March 31, 2013 for investments and other non-current assets decreased by ¥128,728 million, long-term liabilities increased by ¥28,643 million, net assets decreased by ¥157,371 million (of which retained earnings decreased by ¥7,006 million and accumulated other comprehensive income decreased by ¥150,365 million). In addition, the balance of net assets as of the beginning of the year ended March 31, 2013 decreased by ¥109,714 million (because accumulated other comprehensive income decreased by ¥109,714 million) as a result of reflecting the cumulative effects. The impact of these changes on earnings per share data and segment information can be found under "20. Earnings per Share" and "18. Segment Information," respectively.

(b) Translation of foreign currency accounts

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the foreign currency exchange rates in effect at the respective balance sheet dates.

The assets and liabilities accounts of the consolidated subsidiaries outside Japan are translated into Japanese yen at the exchange rates in effect at the respective balance sheet dates. Income and expense accounts are translated at the average exchange rate during the year. The resulting translation adjustments are recorded in a separate component of accumulated other comprehensive income as "foreign currency translation adjustments."

(c) Revenue recognition

Revenue from sales of ICT systems and products excluding customized software under development contracts (the "customized software") is recognized upon acceptance by the customers, whereas, revenue from sales of PCs, other equipment and electronic devices is recognized when the products are delivered to the customers. Revenue from sales of the customized software is recognized by reference to the percentage-of-completion method.

(d) Cash equivalents

Cash equivalents consist of short-term highly liquid investments with original maturities of three months or less from the date of acquisition and an insignificant risk of fluctuation in value, as well as overdrafts. Overdrafts are included in "Short-term borrowings and current portion of long-term debt" under "Current liabilities" in the consolidated balance sheets.

(e) Investment securities

Investment securities included in "cash and cash equivalents," "Investments in and long-term loans to affiliates" and "Others" under "Investments and other non-current assets" are classified as investments in affiliates; held-to-maturity investments, which are the debt securities that the Group has the positive intent and ability to hold to maturity; or available-for-sale securities, which are investment securities not classified as investments in affiliates or held-to-maturity investments.

Investments in affiliates are accounted for by the equity method. Held-to-maturity investments are stated at amortized cost, adjusted for the amortization of premiums or accretion of discounts to maturity. Available-for-sale securities are basically carried at fair value. However, unlisted securities are carried at the acquisition cost and classified as "financial instruments for which it is extremely difficult to determine the fair value," as no market price is available and it is not possible to estimate the future cash flow. The cost of available-for-sale securities sold is calculated by the moving-average method.

Available-for-sale securities are carried at fair market value, with the unrealized gains or losses, net of taxes, included in accumulated other comprehensive income.

(f) Derivative financial instruments

The Group uses derivative financial instruments mainly for the purpose of hedging against the risk of fluctuations in foreign exchange rates and interest rates on receivables and payables denominated in foreign currencies.

The hedging instruments consist of forward exchange, option and swap contracts and related complex contracts.

Derivative financial instruments are stated at fair value, and gains or losses on changes in fair values of the hedging instruments are recognized as "Other income (expenses)."

However, gains or losses on changes in fair values of derivative financial instruments, which qualify for deferral hedge accounting, are deferred on the balance sheet until gain or loss on the hedged items are recognized.

(g) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount deemed sufficient to cover estimated future losses.

(h) Inventories

Finished goods are mainly stated at cost determined by the moving-average method.

Work in process is mainly stated at cost determined by the specific identification method or the average cost method.

Raw materials and supplies are mainly stated at cost determined by the moving-average method.

Inventories are stated at the lower of cost or market.

(i) Property, plant and equipment (excluding lease assets)

Property, plant and equipment, including renewals and additions, are carried at cost. Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

Depreciation is computed by the straight-line method over the estimated useful lives, reflected by the likely period over which the value of the asset can be realized under actual business conditions.

Certain property, plant and equipment are evaluated for impairment based on consideration of their future usefulness. Accumulated impairment loss is subtracted directly from each asset.

(j) Intangible assets

Goodwill, including the goodwill acquired by consolidated subsidiaries, representing the premium paid to acquire a business is amortized using the straight-line method over periods not exceeding 20 years as these are periods over which the Group expects to benefit from the acquired business.

Computer software for sale is amortized based on the current year sales units to the projected total products' sales units. Computer software for internal use is amortized by the straight-line method over the estimated useful lives.

Other intangible assets are amortized by the straight-line method over the estimated useful lives of the respective assets.

(k) Leases

Assets acquired by lessees in finance lease transactions are recorded in the corresponding asset accounts. As for lease transactions in which the title is not transferred to the lessees, the leased assets are depreciated over the lease term by the straight-line method.

Operating lease payments are recognized as expenses over the lease term.

(l) Provision for product warranties

Provision for product warranties is recognized at the same period when related sales of the products are made at an amount which represents the estimated cost, based on past experience, to repair or exchange certain products within the warranty period.

(m) Provision for construction contract losses

Provision for construction contract losses is recorded at the estimated amount of future losses on customized software or construction contracts whose costs are probable to exceed total contract revenues.

(n) Provision for bonuses to board members

Provision for the bonuses to board members is recorded based on an estimated amount.

(o) Provision for loss on repurchase of computers

Certain computers manufactured by the Group are sold to JECC Corporation and other leasing companies for leasing to ultimate users under contracts which require the Group to repurchase the computers if they are returned by the users after a certain period. Based on past experience, an estimated amount for the loss arising from such repurchases is provided at the point of sales and is charged to income.

(p) Provision for recycling expenses

A provision for anticipated recycling expenses has been made based on the regime for PC recycling enforced in Japan to prepare for recycling expenses incurred upon collection of consumer PCs sold.

(q) Provision for restructuring charges

Provision for restructuring charges is recorded at the estimated amounts of losses incurred for the personnel rationalization and the disposal of business.

(r) Provision for environmental measures

Provision for environmental measures, such as disposal of PCB (polychlorobiphenyl) embedded products and purification of soil, is recorded at an estimated amount for future costs.

(Changes in presentation for the year ended March 31, 2014)

The provision for environmental measures, which as of March 31, 2013 was included in “Others” under current liabilities and “Others” under non-current liabilities, has increased in its financial significance. Accordingly, as of March 31, 2014, it is presented separately on the consolidated balance sheet. To reflect this change, consolidated balance sheet amounts as of March 31, 2013 have been reclassified.

As a result of the reclassification, the consolidated balance sheet amounts, as of March 31, 2013, of ¥251,731 million for “Others” under current liabilities and ¥56,150 million for “Others” under non-current liabilities have been restated as ¥219 million for the provision for environmental measures and ¥251,512 million for “Others” under current liabilities and ¥5,453 million for the provision for environmental measures and ¥50,697 million for “Others” under non-current liabilities.

(s) Retirement benefit plan

The Company and the majority of the consolidated subsidiaries have retirement benefit plans.

To prepare for disbursement of employees’ retirement benefits under the defined benefit plan, a defined benefit liability, which is the amount of defined benefit obligations less plan assets based on the expected benefit obligation at the end of the fiscal year, is recognized.

To attribute the expected benefit to periods of service, the Company and its subsidiaries in Japan attribute the benefit to periods of service on a straight-line basis while the subsidiaries outside Japan do so under the plan’s benefit formula in accordance with “Employee Benefits” (IAS 19, 16 June 2011).

Past service costs are amortized on a straight-line basis (over 10 years).

Actuarial gains and losses are amortized on a straight-line basis (over the expected average remaining service period of employees) from the year after the actuarial gains and losses are recognized.

(Changes in presentation for the year ended March 31, 2014)

As a result of the application of IAS 19 "Employee Benefits" (issued June 16, 2011) for the year ended March 31, 2014, the method of presentation has changed. In addition, together with the change in the method of presentation, the method of presentation for "Prepaid pension cost" and "Accrued retirement benefits" for the Company and its consolidated subsidiaries in Japan has been changed. Further, the change in the amount of accrued retirement benefits and prepaid pension costs, which were included in "Increase (decrease) in provisions" and "Other, net," respectively, in the consolidated statements of cash flows, are presented as "Retirement benefit expenses (net of contribution)" to show net increase or decrease in the net defined benefit liability (asset). To reflect these changes in the method of presentation, the consolidated financial statements for the year ended March 31, 2013 have been reclassified.

As a result of the reclassification, in the consolidated balance sheets as of March 31, 2013, ¥180,121 million in "Prepaid pension costs" under "Investments and other non-current assets" and ¥178,482 million in "Accrued retirement benefits" under "Long-term liabilities" have been reclassified as ¥51,393 million in "Net defined benefit asset" under "Investments and other non-current assets" and ¥207,125 million in "Net defined benefit liability" under "Long-term liabilities," ¥(7,006) million in retained earnings under "Shareholders' equity," ¥(641) million in "Foreign currency translation adjustments" and ¥(149,724) million in "Remeasurements of defined benefit plans, net of taxes" under "Accumulated other comprehensive income."

In addition, in the consolidated statements of cash flows for the year ended March 31, 2013, ¥(45,113) million in "Income (loss) before income taxes and minority interests," ¥41,771 million in "Increase (decrease) in provisions" and ¥(137,905) million in "Other, net" under "Cash flows from operating activities" are reclassified as ¥(52,119) million in "Income (loss) before income taxes and minority interests," ¥46,027 million in "Increase (decrease) in provisions," ¥(116,484) million in "Retirement benefit expenses (net of contribution)" and ¥(18,671) million in "Other, net," respectively.

(t) Income taxes

The Group has mainly adopted the asset and liability method of tax effect accounting in order to recognize income tax effect of all temporary differences in the recognition of assets and liabilities for tax and financial reporting purposes.

(u) Earnings per share

Basic earnings per share is computed based on the weighted average number of shares of common stock outstanding during the respective years.

Diluted earnings per share is computed based on the weighted average number of shares after consideration of the dilutive effect of the shares of common stocks issuable upon the exercise of subscription rights to shares and the conversion of convertible bonds.

(v) Accounting standards issued but not yet effective

The following accounting standards were issued but not yet effective up to June 23, 2014, the filing date of the Annual Securities Report, regulated by the Financial Instruments and Exchange Law of Japan. The Group has not yet applied these standards as of March 31, 2014.

"Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan, Statement No. 26, issued May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan, Guidance No. 25, issued May 17, 2012)

(1) Overview

With respect to the amortization method of the expected benefit, the plan's benefit formula basis is newly allowed as an option, in addition to the straight-line basis. In addition, with respect to the period that is a basis for determining the discount rate, it was required to use an average period based on the expected date of benefit payment, but it is now required to use the discount rate that reflects the estimated timing and amount of benefit payments so that retirement benefit obligations, which comprise payments of different timing and amounts, are discounted more appropriately.

(2) Date of application and impact from adoption

The Group has not assessed the impact from application for the consolidated financial statements because it will voluntarily apply IFRS from the year ending March 31, 2015.

2. U.S. Dollar Amounts

The Company and its consolidated subsidiaries in Japan maintain their books of account in yen. The U.S. dollar amounts included in the accompanying consolidated financial statements and the notes thereto represent the arithmetic results of translating yen into U.S. dollars at ¥103 = US$1, the approximate exchange rate at March 31, 2014.

The U.S. dollar amounts are presented solely for the convenience of readers and the translation is not intended to imply that the assets and liabilities which originated in yen have been or could readily be converted, realized or settled in U.S. dollars at the above or any other rate.

3. Inventories

Inventories at March 31, 2013 and 2014 consist of the following:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2013	**2014**	**2014**
Finished goods	¥122,258	**¥131,330**	**$1,275,049**
Work in process	113,362	**106,368**	**1,032,699**
Raw materials and supplies	87,472	**92,504**	**898,097**
Total inventories	¥323,092	**¥330,202**	**$3,205,845**

Amounts above are net of write-downs.

The amounts of write-downs recognized as cost of sales for the years ended March 31, 2013 and 2014 were ¥20,578 million and ¥33,472 million ($324,971 thousand), respectively.

4. Property, Plant and Equipment

Changes in property, plant and equipment, net of accumulated depreciation (including lease assets) are as follows:

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2013	**2014**	**2014**
Land			
Balance at beginning of year	¥115,614	**¥108,947**	**$1,057,738**
Additions	287	**90**	**874**
Impairment loss	5,430	**234**	**2,272**
Translation differences	709	**601**	**5,835**
Other, net	(2,233)	**(1,732)**	**(16,816)**
Balance at end of year	¥108,947	**¥107,672**	**$1,045,359**
Buildings			
Balance at beginning of year	¥284,631	**¥274,932**	**$2,669,243**
Additions	28,689	**23,685**	**229,951**
Depreciation	22,916	**24,052**	**233,515**
Impairment loss	16,319	**3,489**	**33,874**
Translation differences	6,109	**5,453**	**52,942**
Other, net	(5,262)	**(2,457)**	**(23,854)**
Balance at end of year	¥274,932	**¥274,072**	**$2,660,893**

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2013	**2014**	**2014**
Machinery and equipment			
Balance at beginning of year	¥215,601	**¥206,594**	**$2,005,767**
Additions	85,759	**100,529**	**976,010**
Depreciation	93,649	**91,128**	**884,738**
Impairment loss	6,520	**3,717**	**36,087**
Translation differences	6,196	**6,364**	**61,786**
Other, net	(793)	**(5,142)**	**(49,922)**
Balance at end of year	¥206,594	**¥213,500**	**$2,072,816**
Construction in progress			
Balance at beginning of year	¥ 25,097	**¥ 27,987**	**$ 271,718**
Additions*[1]	7,031	**(2,022)**	**(19,631)**
Impairment loss	34	**67**	**650**
Translation differences	467	**143**	**1,388**
Other, net	(4,574)	**(1,659)**	**(16,107)**
Balance at end of year	¥ 27,987	**¥ 24,382**	**$ 236,718**
Total of balance at end of year	¥618,460	**¥619,626**	**$6,015,786**
Total of additions	¥121,766	**¥122,282**	**$1,187,204**
Total of depreciation	116,565	**115,180**	**1,118,252**
Total of impairment loss	28,303	**7,507**	**72,883**

*[1] Additions to construction in progress are offset by the amounts transferred to buildings and machinery and equipment.

5. Goodwill

An analysis of goodwill is presented below:

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2013	**2014**	**2014**
Balance at beginning of year	¥67,526	**¥29,574**	**$287,126**
Additions	620	**4,836**	**46,951**
Amortization	14,231	**9,708**	**94,252**
Impairment loss	26,600	**85**	**825**
Translation differences and others	2,259	**2,886**	**28,019**
Balance at end of year	¥29,574	**¥27,503**	**$267,019**

6. Short-term Borrowings and Long-term Debt

Short-term borrowings and long-term debt at March 31, 2013 and 2014 consist of the following:

Short-term borrowings

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2013	**2014**	**2014**
Short-term borrowings, principally from banks, with a weighted average interest rate of 0.67% at March 31, 2013 and 1.08% at March 31, 2014:			
Secured	¥ –	**¥ –**	**$ –**
Unsecured	210,657	**35,043**	**340,223**
Total short-term borrowings (A)	¥210,657	**¥ 35,043**	**$ 340,223**

Long-term debt (including current portion)

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2013	**2014**	**2014**
a) Long-term borrowings			
Long-term borrowings, principally from banks and insurance companies, due from 2013 to 2018 with a weighted average interest rate of 0.95% at March 31, 2013 and due from 2014 to 2020 with a weighted average interest rate of 0.53% at March 31, 2014:			
Secured	¥ –	**¥ –**	**$ –**
Unsecured	94,010	**194,297**	**1,886,379**
Total long-term borrowings	¥94,010	**¥194,297**	**$1,886,379**
b) Bonds and notes			
Bonds and notes issued by the Company:			
Secured	¥ –	**¥ –**	**$ –**
Unsecured			
3.0% unsecured bonds due 2018	30,000	**30,000**	**291,262**
1.73% unsecured bonds due 2014	40,000	**40,000**	**388,350**
0.307% unsecured bonds due 2013	20,000	**–**	**–**
0.42% unsecured bonds due 2015	30,000	**30,000**	**291,262**
0.398% unsecured bonds due 2014	20,000	**20,000**	**194,175**
0.623% unsecured bonds due 2016	30,000	**30,000**	**291,262**
0.331% unsecured bonds due 2015	40,000	**40,000**	**388,350**
0.476% unsecured bonds due 2017	20,000	**20,000**	**194,175**
0.267% unsecured bonds due 2016	–	**30,000**	**291,262**
0.41% unsecured bonds due 2018	–	**35,000**	**339,806**
0.644% unsecured bonds due 2020	–	**15,000**	**145,631**
Bonds and notes issued by consolidated subsidiaries:			
Secured	¥ –	**¥ –**	**$ –**
Unsecured			
[Japan]			
zero coupon unsecured convertible bonds due 2013	200	**–**	**–**
zero coupon unsecured convertible bonds due 2015	100	**100**	**971**
zero coupon unsecured convertible bonds due 2016	–	**200**	**1,942**
Total bonds and notes	¥230,300	**¥290,300**	**$2,818,447**
Total long-term debt (including current portion) (a+b)	¥324,310	**¥484,597**	**$4,704,825**
Current portion (B)	79,065	**94,036**	**912,971**
Non-current portion (C)	245,245	**390,561**	**3,791,854**
Total short-term borrowings and long-term debt (including current portion)	¥534,967	**¥519,640**	**$5,045,049**
Short-term borrowings and current portion of long-term debt (A+B)	289,722	**129,079**	**1,253,194**
Long-term debt (excluding current portion) (C)	245,245	**390,561**	**3,791,854**

Convertible bonds are treated solely as liabilities and the conversion option is not recognized as equity in accordance with accounting principles and practices generally accepted in Japan.

The aggregate annual maturities of long-term debt subsequent to March 31, 2014 are summarized as follows:

Years ended March 31	Yen (millions)	U.S. Dollars (thousands)
2015	¥ 94,036	$ 912,971
2016	112,707	1,094,243
2017	117,073	1,136,631
2018	70,383	683,330
2019 and thereafter	90,398	877,650
Total	¥484,597	$4,704,825

At March 31, 2014, the Group had committed facility contracts with banks aggregating ¥197,700 million ($1,919,417 thousand) and all of it was unused.

Assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2013 and 2014 are principally presented below:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2013	**2014**	**2014**
Property, plant and equipment, net	¥2,484	**¥2,429**	**$23,583**

As is customary in Japan, substantially all loans from banks (including short-term loans) are made under bank transaction agreements which stipulate that, at the request of the banks, the borrower is required to provide collateral or guarantors (or additional collateral or guarantors, as appropriate) with respect to such loans, and that all assets pledged as collateral under such agreements will be applicable to all present and future indebtedness to the banks concerned. These bank transaction agreements further stipulate that the banks have the right to offset deposits at the banks against indebtedness which matures or becomes due prematurely by default owed to the banks.

7. Supplementary Information to the Consolidated Income Statements

The amounts of write-downs of inventories recognized within "Cost of sales" for the years ended March 31, 2013 and 2014 were ¥20,578 million and ¥33,472 million ($324,971 thousand), respectively. The provision for construction contract losses charged to "Cost of sales" for the same periods were ¥4,759 million and ¥14,166 million ($137,534 thousand), respectively.

Major items that comprise "Selling, general and administrative expenses" are salaries and research and development expenses. The salaries for the years ended March 31, 2013 and 2014 were ¥316,284 million and ¥327,817 million ($3,182,689 thousand), respectively. The research and development expenses for the same periods were ¥231,052 million and ¥221,389 million ($2,149,408 thousand), respectively.

"Other, net" of "Other income (expenses)" for the years ended March 31, 2013 and 2014 consists of the following:

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2013	**2014**	**2014**
Foreign exchange gains, net	¥ 8,299	**¥ 4,101**	**$ 39,816**
Gain on sales of investment securities	–	**6,847**	**66,476**
Gain on sales of property, plant and equipment and intangible assets	–	**4,726**	**45,883**
Gain on negative goodwill	199	**–**	**–**
Restructuring charges	(116,221)	**(31,176)**	**(302,680)**
Loss on reversal of foreign currency translation adjustments	–	**(21,651)**	**(210,204)**
Impairment loss	(34,285)	**(6,482)**	**(62,932)**
Loss on disposal of property, plant and equipment and intangible assets	(1,981)	**(3,581)**	**(34,767)**
Environmental measures expenses	(13)	**(2,683)**	**(26,049)**
Loss on changes in retirement benefit plan	(245)	**–**	**–**
Other, net	(77)	**(4,991)**	**(48,456)**
Total	¥(144,324)	**¥(54,890)**	**$(532,913)**

For the year ended March 31, 2014

Gain on Sales of Investment Securities

Gain on sales of investment securities primarily consists of sales of available-for-sale securities, including shares in Kyowa Exeo Corporation and Yokohama Rubber Co., Ltd., as well as sales of shares in affiliate Fujitsu General Limited, in accordance with Fujitsu General's solicitation to repurchase its own shares.

Gain on Sales of Property, Plant and Equipment and Intangible Assets

Gain on sales of property, plant and equipment and intangible assets primarily consists of sales of underutilized real estate adjacent to the Akashi Plant and sales of underutilized real estate of the Minami-Tama Plant.

Restructuring charges

Losses of ¥21,069 million ($204,553 thousand) were recorded in relation to the structural reforms of the LSI device business, of which ¥7,056 million ($68,504 thousand) are losses on the transfer and integration of businesses and ¥14,013 million ($136,049 thousand) are from the restructuring of 200 mm line and other standard logic device production facilities of the Mie Plant and facilities in the Aizu-Wakamatsu region. The loss on the transfer and integration of businesses primarily consists of expenses to cover the settlement of retirement benefit obligations and losses on the disposal of assets for the system LSI business, for which the Group signed a memorandum of understanding with Panasonic Corporation and Development Bank of Japan (DBJ), in which it has agreed to integrate its system LSI (SoC) business with that of Panasonic in a new fabless company to be established, to which DBJ will provide equity capital and debt financing. The loss associated with the restructuring of the standard logic device production facilities primarily consists of expenses for consolidating the 200 mm production lines and losses on the disposal of assets.

In addition, ¥4,912 million ($47,689 thousand) in charges were recorded for losses on the disposal of assets and the costs of reallocating employees in relation to the integration of production sites in the mobile phone business. Regarding businesses outside of Japan, ¥4,215 million ($40,922 thousand) in charges were recorded for losses on workforce rationalization primarily in the Nordic region.

The restructuring charges include impairment losses of ¥3,139 million ($30,476 thousand) recorded for the LSI device business and the mobile phone business.

Loss on Reversal of Foreign Currency Translation Adjustments

Loss on the reversal of foreign currency translation adjustments stemming from the liquidation of a US subsidiary, Fujitsu Management Services of America, Inc.

Impairment Loss

Impairment losses primarily from the following asset groups are recorded.

Purpose: Idle assets
Category: Software, buildings, machinery and equipment and other fixed assets
Location: Kanagawa and Tochigi prefectures, Japan

Purpose: Production facilities for the printed circuit board business
Category: Machinery and equipment and other fixed assets
Location: Vietnam

Purpose: Development/production facilities for the power electronics system
Category: Buildings, machinery and equipment and other fixed assets
Location: Kanagawa and Fukushima prefectures, Japan

In principle, the Group's business-use assets are grouped based on units that management uses to make decisions, and idle assets are grouped on an individual asset basis.

The Group has continually promoted structural reforms for the year ended March 31, 2014, as well as for the year ended March 31, 2013, to set a clear direction for underperforming businesses and shift to a leaner management structure. For the LSI business, the Group promoted integration of the system LSI (SoC) business and sold its microcontroller and analog device business. For the mobile phone business, the Group integrated two subsidiaries producing mobile phone handsets and consolidated volume production capabilities.

As a result of these structural reforms, the Group recognized impairment losses on asset groups no longer used for business. The losses consist of ¥2,919 million ($28,340 thousand) of restructuring charges and ¥140 million ($1,359 thousand) of impairment losses and are included in "Other, net" under "Other income (expenses)" in the consolidated income statement.

In addition, the Group recognized impairment losses on asset groups related to the printed circuit board business and the power electronics systems business, of which profitability declined significantly due to decrease in demand. The losses of ¥3,797 million ($36,864 thousand) are recorded as impairment losses and are included in "Other, net" under "Other income (expenses)" in the consolidated income statements.

Further, the consolidated subsidiaries outside Japan recognized impairment losses on business assets of which profitability declined significantly and on assets that were not expected to be used in the future due to changes in business environment. The losses consist of ¥2,545 million ($24,709 thousand) of impairment losses and ¥220 million ($2,136 thousand) of restructuring charges and are included in "Other, net" under "Other income (expenses)" in the consolidated income statements.

Total impairment losses consist of ¥3,489 million ($33,874 thousand) for buildings, ¥3,717 million ($36,087 thousand) for machinery and equipment, ¥1,929 million ($18,728 thousand) for software and ¥486 million ($4,718 thousand) for other assets.

The recoverable amount is measured at fair value less costs of disposal or value in use. The fair value less costs of disposal is measured based on the amount obtainable from the sale of assets less any costs of disposal, except for assets that are difficult to be sold. The fair value less costs of disposal for those assets are measured at the residual value.

The future cash flows are discounted using a rate of between 5.0–7.5% in the determination of value in use. The asset groups with negative future cash flows are measured at the residual value.

For the year ended March 31, 2013

Restructuring Charges

Restructuring charges of ¥90,308 million were recorded relating to structural reforms in the LSI device business. These include ¥33,146 million in losses relating to the transfer of production facilities, ¥28,685 million in impairment losses and other losses for the standard logic LSI devices production line, and ¥28,477 million relating to personnel-related expenses attributed to implementation of an early retirement incentive plan. Losses relating to the transfer of production facilities consist of two items. One is ¥20,895 million of guarantees, for a set period of time, on a portion of the operational costs of the Iwate Plant and the LSI assembly and testing facilities that were transferred. The other is ¥12,251 million of personnel-related expenses and impairment losses in accordance with the transfer of the LSI assembly and testing facilities. Impairment losses and other losses of the standard logic LSI devices production line are mainly related to 200 mm lines of the Mie and Fukushima regions, for which capacity utilization rates have been declining.

In addition, restructuring charges related to the business outside Japan in the amount of ¥20,074 million were recorded mainly for personnel-related rationalization charges related to the European subsidiary Fujitsu Technology Solutions (Holding) B.V. Other than the above, ¥5,839 million of restructuring charges was recorded mainly for the personnel-related charges incurred for an early retirement incentive plan targeting managerial levels in Japan.

The restructuring charges include impairment losses of ¥28,266 million from mostly the LSI device business.

Impairment Loss

Referred mainly to losses on the following asset groups;

Purpose: Production facilities for the LSI device business
Category: Buildings, machinery and equipment, land and other fixed assets
Location: Fukushima, Mie and Kagoshima prefectures, Japan

Purpose: Assets used in European business
Category: Goodwill and other intangible assets
Location: Germany and other countries

In principle, the Group's business-use assets are grouped based on units that management uses to make decisions, and idle assets are grouped on an individual asset basis.

The Group has continually promoted structural reforms of its LSI devices business, as the LSI devices business has been confronted with an extraordinarily difficult operating environment, such as fast-deteriorating market conditions and an increasingly severe competitive situation, resulting in the declining sales. The Group transferred the Iwate Plant to DENSO Corporation in October 2012, and also transferred the LSI assembly and testing facilities to J-Devices Corporation in December 2012. In February 2013, the Group made decisions to establish a new fabless company in system LSI business, in which capital participation from outside investors will be accepted, and transfer the business to the new company. Furthermore, the Group decided to transfer 300 mm line of the Mie Plant to a new foundry company.

In conjunction with transfers stated above, the Group reviewed the grouping of assets within LSI device business. As a result, the Group recognized impairment losses on asset groups of standard logic LSI devices production line, such as 200 mm lines in the Mie and Fukushima regions and assets group of the LSI assembly and testing facilities. The losses of ¥28,123 million were recorded as restructuring charges and included in "Other, net" under "Other income (expenses)" in the consolidated income statements. Impairment losses for the Iwate Plant were already recognized in the year ended March 31, 2012.

Other than those described above, the Group recognized impairment losses of ¥24,895 million on the remaining unamortized balance of goodwill and ¥3,154 million on other intangible assets recorded at the time when the remaining shares of Fujitsu Technology Solutions (Holding) B.V. were acquired. In the standalone financial statements of the Company, impairment losses on the investments in the subsidiaries* were recognized. Due to the recession in Europe and intensification of price competition in PCs and x86 servers, the Group determined that it would not be able to achieve its original return on its investment planned for ten years in April 2009 (date of acquisition). The losses are recorded as impairment losses and included in "Other, net" under "Other income (expenses)" in the consolidated income statements.

In addition, consolidated subsidiaries in Japan recognized impairment losses related to assets used in businesses with low profitability and welfare facilities for employees planned to be sold. The losses consists of ¥6,236 million of impairment losses and ¥143 million of restructuring charges included in "Other, net" under "Other income (expenses)" in the consolidated income statements.

Total impairment losses consist of ¥26,600 million for goodwill, ¥16,319 million for buildings, ¥5,430 million for land, ¥6,520 million for machinery and equipment, ¥3,826 million for other intangible assets and ¥3,856 million for other assets.

The recoverable amount is measured at fair value less costs of disposal or value in use. The fair value less costs of disposal is measured based on the amount obtainable from the sale of assets less any costs of disposal. Regarding the LSI device business, the recoverable amount calculated by value in use is measured at the residual value because negative future cash flow is expected.

*In the standalone financial statements of the Company, the Company has adopted a cost method for valuation of the investments in its subsidiaries. The impairment losses on such investments are generally recognized when the net assets of its subsidiaries decrease significantly due to a deterioration of subsidiaries' financial condition and when the decline is deemed to be irrecoverable.

Loss on Changes in Retirement Benefit Plan

Loss on changes in retirement benefit plan includes the costs related to changes to a defined contribution pension plan by a consolidated subsidiary in Japan.

8. Supplementary Information to the Consolidated Statements of Comprehensive Income

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2013	**2014**	**2014**
Unrealized gain and loss on securities			
Gains (losses) during the term	¥ 19,569	**¥ 21,554**	**$ 209,262**
Reclassification adjustments	(1,774)	**(4,611)**	**(44,767)**
Amount before related income tax effects	17,795	**16,943**	**164,495**
Income tax effect	(6,250)	**(6,133)**	**(59,544)**
Unrealized gain and loss on securities, net of taxes	11,545	**10,810**	**104,951**
Deferred gains or losses on hedges and others			
Gains (losses) during the term	(1,287)	**(52)**	**(505)**
Reclassification adjustments	1,288	**–**	**–**
Amount before related income tax effects	1	**(52)**	**(505)**
Income tax effect	26	**(3)**	**(29)**
Deferred gains or losses on hedges and others, net of taxes	27	**(55)**	**(534)**
Foreign currency translation adjustments			
Gains (losses) during the term	22,040	**38,403**	**372,845**
Reclassification adjustments	176	**21,651**	**210,204**
Amount before related income tax effects	22,216	**60,054**	**583,049**
Income tax effect	–	**–**	**–**
Foreign currency translation adjustments	22,216	**60,054**	**583,049**
Remeasurements of defined benefit plans			
Gains (losses) during the term	(51,195)	**(47,200)**	**(458,252)**
Reclassification adjustments	11,185	**22,318**	**216,680**
Amount before related income tax effects	(40,010)	**(24,882)**	**(241,573)**
Income tax effect	–	**(206)**	**(2,000)**
Remeasurements of defined benefit plans	(40,010)	**(25,088)**	**(243,573)**
Share of other comprehensive income of affiliates accounted for using the equity method			
Gains (losses) during the term	3,090	**3,105**	**30,146**
Reclassification adjustments*1	(1,105)	**208**	**2,019**
Share of other comprehensive income of affiliates accounted for using the equity method	1,985	**3,313**	**32,165**
Total other comprehensive income	¥ (4,237)	**¥ 49,034**	**$ 476,058**

*1 The reclassification adjustments of the share of other comprehensive income of affiliates accounted for using the equity method include the adjustment for purchase price of assets.

At the beginning of the year ended March 31, 2014, the Company's consolidated subsidiaries outside Japan applied IAS 19 "Employee Benefits" (issued June 16, 2011). These changes in accounting policies are applied retrospectively, and the consolidated financial statements for the year ended March 31, 2013 reflect this retrospective application.

9. Supplementary Information to the Consolidated Statements of Cash Flows

Cash and cash equivalents

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2013	**2014**	**2014**
Cash and cash equivalents in consolidated balance sheets	¥286,602	**¥301,162**	**$2,923,903**
Short-term borrowings (Overdrafts)	(2,054)	**–**	**–**
Cash and cash equivalents in consolidated statements of cash flows	¥284,548	**¥301,162**	**$2,923,903**

(Additional information)

For the year ended March 31, 2014

Cash flows from operating activities:

Gain on Sales of Investment Securities

Gain on sales of investment securities primarily consists of sales of available-for-sale securities, including shares in Kyowa Exeo Corporation and Yokohama Rubber Co., Ltd., as well as sales of shares in affiliate Fujitsu General Limited, in accordance with Fujitsu General's solicitation to repurchase its own shares.

Cash flows from investing activities:

Proceeds from Transfer of Business

Proceeds from transfer of business primarily include proceeds from the transfer of the microcontroller and analog device businesses.

For the year ended March 31, 2013

Cash flows from operating activities:

Other, net

"Other, net" in cash flows from operating activities includes a special payment of ¥114,360 million (800 million Pound Sterling) into defined benefit pension schemes of Fujitsu Services Holdings PLC (including its consolidated subsidiaries).

Cash flows from investing activities:

Proceeds from Transfer of Business

Proceeds from transfer of business include proceeds from sales of property, plant and equipment in conjunction with transfer of the Iwate Plant and LSI assembly and testing facilities.

10. Leases

The following is a summary of assets and liabilities related to finance lease transactions at March 31, 2013 and 2014, which includes acquisition cost, accumulated depreciation and book value of leased assets, future minimum lease payments required under finance leases, and the present value of lease obligations.

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2013	**2014**	**2014**
Acquisition cost	¥68,449	**¥64,425**	**$625,485**
Accumulated depreciation	36,624	**33,271**	**323,019**
Book value	31,825	**31,154**	**302,466**
Future minimum lease payments			
Within one year	15,225	**14,506**	**140,835**
Over one year but within five years	24,529	**25,513**	**247,699**
Over five years	6,701	**7,331**	**71,175**
Total future minimum lease payments	¥46,455	**¥47,350**	**$459,709**
Less: Interest	(5,306)	**(6,222)**	**(60,408)**
Present value of lease obligations	¥41,149	**¥41,128**	**$399,301**
Lease obligations (current)	14,385	**13,549**	**131,544**
Lease obligations (long-term)	26,764	**27,579**	**267,757**

The following is a summary of future minimum lease payments required under non-cancelable operating leases in the aggregate and for each of the following periods.

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2013	**2014**	**2014**
Within one year	¥19,951	**¥24,324**	**$236,155**
Over one year but within five years	42,012	**47,862**	**464,680**
Over five years	22,836	**22,277**	**216,282**
Total	¥84,799	**¥94,463**	**$917,117**

11. Financial Instruments

1. Status of Financial Instruments

(1) Policies for Financial Instruments

The Group carries out its financial activities in accordance with the "Fujitsu Group Treasury Policy," and primarily obtains funds through bank borrowing and the issuance of corporate bonds based on funding requirements of its business activities. After the adequate liquidity for its business activities has been ensured, the Group invests temporary excess funds in financial assets with low risks. The Group utilizes derivative transactions only for hedging purposes and not for speculative or dealing purposes.

(2) Description and Risks of Financial Instruments

Trade receivables are exposed to customer credit risk. Additionally, some trade receivables are denominated in foreign currencies in conjunction with the export of products and exposed to exchange rate fluctuation risk. Investment securities are comprised primarily of certificates of deposit and available-for-sale securities issued by the customers. The certificates of deposit are held for fund management and the shares are held for maintaining and strengthening business relationships with customers. Shares are exposed to market price fluctuation risk and financial risk of the company invested. The Group also provides loans to customers.

Trade liabilities such as payables, trade and accrued expenses are generally payable within one year. Some trade liabilities are denominated in foreign currencies in conjunction with the import of components and exposed to exchange rate fluctuation risk. Borrowings, corporate bonds, and lease obligations related to finance lease transactions are mainly for the purpose of obtaining working capital and preparing for capital expenditures. Because some of the foregoing have a floating interest rate, they are exposed to interest rate fluctuation risk.

Derivative transactions consist primarily of the use of exchange forward contracts for the purpose of hedging exchange rate fluctuation risk related to trade receivables and trade liabilities, currency swap contracts for the purpose of hedging exchange rate fluctuation risk related to foreign currency denominated cash flow, and interest swap contracts for the purpose of hedging interest rate fluctuation risk related to borrowings and corporate bonds.

(3) Risk Management of Financial Instruments

(i) Management of Credit Risk

The Group strives to mitigate collection risk in accordance with credit management standards and procedures in selling goods and services. A unit independent from the sales units assesses the credit standing of customers and manages collection dates and the balance outstanding for each customer to ensure smooth and dependable collection of trade receivables. Regarding the loan receivable, the Group periodically assesses debtor's financial condition and reviews the terms of the loan if needed. The counterparties to derivative transactions are selected upon assessment of their credit risk. The amounts of the largest credit risks as of the reporting date are indicated in the balance sheet values of the financial assets that are exposed to credit risk.

(ii) Management of Market Risk

The Group utilizes mainly exchange forward contracts in respect to trade receivables and trade liabilities denominated in foreign currencies to mitigate exchange rate fluctuation risk monitored by each currency respectively, currency swap contracts to mitigate the foreign currency exchange rate fluctuation risk of cash flow denominated in foreign currency, and interest swap contracts in respect to borrowings and corporate bonds to mitigate interest rate fluctuation risk. The Group regularly monitors the market price and the financial condition of the issuer in respect to its securities and continuously reconsiders investment in each company, taking into account its relationship with the counterparty.

The Group enters into derivative transactions based on regulations established by the Company. Based on policies approved by the Chief Financial Officer (CFO), the finance division undertakes particular transactions and records them and also confirms the balance of transactions with counterparties. In addition, the finance division reports on the content of transactions undertaken and changes in transaction balances to the CFO and the chief of the accounting department.

(iii) Management of Liquidity Risk in Financing Activities

The Group prepares a cash flow projection and monitors its funding requirements. The Group also strives to diversify its sources of financing in order to reduce liquidity risk.

(4) Supplementary Explanation of Fair Value of Financial Instruments

The fair value of financial instruments is based on the market price, but in the case a market price is not available, the fair value is reasonably estimated. As variable factors are incorporated in the estimation of values, fair values may vary depending on the assumptions used. The contract amount related to derivative transactions under "13. Derivative Financial Instruments" does not represent the market risk related to the derivative transactions.

2. Fair Value of Financial Instruments

Amounts recorded on the consolidated balance sheet as of March 31, 2013 and 2014, fair values, and the variances between the two are as shown below. Unlisted securities, categorized within "Investments in and long-term loans to affiliates" and "Others" of "Investments and other non-current assets," are not included in the table below, as it is extremely difficult to determine the fair value. Financial instruments categorized within "Others" of both "Current assets" and "Investments and other non-current assets" are not included, except for available-for-sale securities and held-to-maturity investments stated at fair value.

	Yen (millions)			U.S. Dollars (thousands)		
At March 31, 2014	Carrying value in consolidated balance sheet	Fair value	Variance	Carrying value in consolidated balance sheet	Fair value	Variance
Current assets						
(1) Cash and cash equivalents	**¥ 301,162**	**¥ 301,162**	**¥ –**	**$2,923,903**	**$ 2,923,903**	**$ –**
(2) Short-term investments	**4,488**	**4,488**	**–**	**43,573**	**43,573**	**–**
(3) Receivables, trade	**991,071**			**9,622,049**		
Allowance for doubtful accounts*1	**(10,824)**			**(105,087)**		
	980,247	**980,247**	**–**	**9,516,961**	**9,516,961**	**–**
Investments and other non-current assets*2						
(4) Investments in and long-term loans to affiliates	**33,716**	**63,008**	**29,292**	**327,340**	**611,728**	**284,388**
(5) Others	**102,413**	**102,413**	**–**	**994,301**	**994,301**	**–**
Total assets	**1,422,026**	**1,451,318**	**29,292**	**13,806,078**	**14,090,466**	**284,388**
Current liabilities						
(1) Short-term borrowings and current portion of long-term debt	**129,079**	**129,079**	**–**	**1,253,194**	**1,253,194**	**–**
(2) Lease obligations	**13,549**	**13,549**	**–**	**131,544**	**131,544**	**–**
(3) Payables, trade	**641,211**	**641,211**	**–**	**6,225,350**	**6,225,350**	**–**
(4) Accrued expenses	**339,836**	**339,836**	**–**	**3,299,379**	**3,299,379**	**–**
Long-term liabilities						
(5) Long-term debt	**390,561**	**395,631**	**5,070**	**3,791,854**	**3,841,078**	**49,223**
(6) Lease obligations	**27,579**	**27,687**	**108**	**267,757**	**268,806**	**1,049**
Total liabilities	**1,541,815**	**1,546,993**	**5,178**	**14,969,078**	**15,019,350**	**50,272**
Derivative transactions*3						
(i) Transactions which do not qualify for hedge accounting	**[853]**	**[853]**	**–**	**[8,282]**	**[8,282]**	**–**
(ii) Transactions which qualify for hedge accounting	**588**	**588**	**–**	**5,709**	**5,709**	**–**
Total derivative transactions	**[265]**	**[265]**	**–**	**[2,573]**	**[2,573]**	**–**

At March 31, 2013	Carrying value in consolidated balance sheet	Fair value	Variance
			Yen (millions)
Current assets			
(1) Cash and cash equivalents	¥ 286,602	¥ 286,602	¥ –
(2) Short-term investments	18,363	18,363	–
(3) Receivables, trade	895,984		
Allowance for doubtful accounts*1	(12,079)		
	883,905	883,905	–
Investments and other non-current assets*2			
(4) Investments in and long-term loans to affiliates	29,483	50,046	20,563
(5) Others	95,666	95,666	–
Total assets	1,314,019	1,334,582	20,563
Current liabilities			
(1) Short-term borrowings and current portion of long-term debt	289,722	289,722	–
(2) Lease obligations	14,385	14,385	–
(3) Payables, trade	566,757	566,757	–
(4) Accrued expenses	322,765	322,765	–
Long-term liabilities			
(5) Long-term debt	245,245	251,026	5,781
(6) Lease obligations	26,764	26,917	153
Total liabilities	1,465,638	1,471,572	5,934
Derivative transactions*3			
(i) Transactions which do not qualify for hedge accounting	1,326	1,326	–
(ii) Transactions which qualify for hedge accounting	674	674	–
Total derivative transactions	2,000	2,000	–

*1 It comprises the allowance for doubtful accounts in respect to Receivables, trade, short-term loan receivable and others.
*2 Unlisted securities classified as shares in affiliates or available-for-sale securities are defined as "financial instruments for which it is extremely difficult to determine the fair value," because no market price is available and it is not possible to estimate the future cash flow in accordance with "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan, Statement No. 10, dated March 10, 2008) and "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (Accounting Standards Board of Japan, Guidance No. 19, dated March 25, 2011). Accordingly unlisted securities are not included in "Investments and other non-current assets" stated above. The carrying values of the stocks in the consolidated balance sheet as of March 31, 2013 and 2014 are ¥46,643 million and ¥51,260 million ($497,670 thousand), consisting of Investments in and long-term loans to affiliates: ¥19,118 million and ¥22,394 million ($217,417 thousand) and Others: ¥27,525 million and ¥28,866 million ($280,252 thousand), respectively.
*3 The net amount of the assets and liabilities is shown. If the net amount is a liability, it is written in parentheses [ ].

Calculation method relating to fair value of Financial Instruments

Current assets:

(1) Cash and cash equivalents, (2) Short-term investments and (3) Receivables, trade

The fair value of these items approximates the carrying value due to the short maturity of these instruments.

Investments and other non-current assets:

(4) Investments in and long-term loans to affiliates and (5) Others

The fair value of securities is based on the market price on the stock exchanges, and the fair value of bonds is based on quotes obtained from the financial institutions or on the market price on the stock exchanges.

Current liabilities:

(1) Short-term borrowings and current portion of long-term debt, (2) Lease obligations, (3)Payables, trade and (4) Accrued expenses

The fair value of these items approximates the carrying value due to the short maturity of these instruments.

Long-term liabilities:

(5) Long-term debt and (6) Lease obligations

The fair value of bonds which have a market price is based on the market price. The fair value of bonds for which there is no market price is calculated by discounting the sum of future principal and interest payments to the present value at a rate taking into account the remaining term and the credit risk of bonds.

The fair value of long-term debt and lease obligations is calculated by discounting the sum of future principal and interest payments to the present value at the rate expected in another loan or lease transaction with the same conditions.

Impairment losses on investment securities
For the years ended March 31, 2013 and 2014
No significant losses were recorded.

Available-for-sale securities with fair value that has declined by 50% or more against their acquisition costs are generally booked as an impairment loss. Those that have declined in a range of 30% or more but less than 50% are impaired if the decline is deemed to be irrecoverable. Available-for-sale securities with no available fair value are generally impaired when issuers' net assets in the balance sheet decrease to more than 50% below the acquisition cost due to a deterioration of issuers' financial conditions.

12. Available-for-sale Securities

At March 31, 2013 and 2014, available-for-sale securities included in " Cash and cash equivalents," "Short-term investments" and "Others" of "Investments and other non-current assets" are stated as follows. Unlisted securities for which it is extremely difficult to determine the fair value are not included in the table.

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2013	**2014**	**2014**
Available-for-sale securities			
Acquisition costs	¥160,292	**¥118,305**	**$1,148,592**
Carrying value (Market value)	198,129	**173,473**	**1,684,204**
Net unrealized gain and loss	¥ 37,837	**¥ 55,168**	**$ 535,612**

13. Derivative Financial Instruments

1. Derivative transactions which do not qualify for hedge accounting

<Currency-related transactions>

At March 31, 2014	Yen (millions)				U.S. Dollars (thousands)			
	Contract amount	Contract amount over 1 year	Fair value	Gain/Loss	Contract amount	Contract amount over 1 year	Fair value	Gain/Loss
Foreign Exchange Forward Contracts								
To buy foreign currencies								
U.S. Dollars	**¥60,138**	**¥435**	**¥(903)**	**¥(903)**	**$583,864**	**$4,223**	**$(8,767)**	**$(8,767)**
Euro	**41,226**	**–**	**(108)**	**(108)**	**400,252**	**–**	**(1,049)**	**(1,049)**
Other currencies	**5,820**	**–**	**20**	**20**	**56,505**	**–**	**194**	**194**
To sell foreign currencies								
U.S. Dollars	**8,012**	**47**	**24**	**24**	**77,786**	**456**	**233**	**233**
Euro	**3,129**	**–**	**(13)**	**(13)**	**30,379**	**–**	**(126)**	**(126)**
Other currencies	**4,990**	**257**	**23**	**23**	**48,447**	**2,495**	**223**	**223**
Foreign Exchange Option Contracts								
To buy options								
U.S. Dollar puts	**17,516**	**–**			**170,058**	**–**		
	<162>	**<–>**	**241**	**79**	**<1,573>**	**<–>**	**2,340**	**767**
To sell options								
U.S. Dollar calls	**17,516**	**–**			**170,058**	**–**		
	<(162)>	**<–>**	**(99)**	**63**	**<(1,573)>**	**<–>**	**(961)**	**612**
Foreign Exchange Swap Contracts								
Receive Pound Sterling	**14,558**	**–**	**(108)**	**(108)**	**141,340**	**–**	**(1,049)**	**(1,049)**
Pay Pound Sterling	**6,202**	**–**	**95**	**95**	**60,214**	**–**	**922**	**922**
Others	**10,488**	**29**	**(25)**	**(25)**	**101,825**	**282**	**(243)**	**(243)**
Total			**¥(853)**	**¥(853)**			**$(8,282)**	**$(8,282)**

At March 31, 2013				Yen (millions)
	Contract amount	Contract amount over 1 year	Fair value	Gain/Loss
Foreign Exchange Forward Contracts				
To buy foreign currencies				
Pound Sterling	¥111,715	¥ —	¥ 2,036	¥ 2,036
U.S. Dollars	34,837	371	616	616
Euro	40,638	—	567	567
Other currencies	5,513	—	(42)	(42)
To sell foreign currencies				
U.S. Dollars	27,585	—	(1,789)	(1,789)
Euro	6,731	736	72	72
Other currencies	4,365	44	(77)	(77)
Foreign Exchange Option Contracts				
To buy options				
U.S. Dollar puts	3,002	—		
	<33>	<—>	20	(13)
To sell options				
U.S. Dollar calls	3,002	—		
	<(33)>	<—>	(187)	(154)
Foreign Exchange Swap Contracts				
Receive Pound Sterling	15,672	—	110	110
Pay Pound Sterling	15,647	—	38	38
Others	15,024	834	(38)	(38)
Total			¥ 1,326	¥ 1,326

1) The method for estimating the fair value is principally based on obtaining quotes provided by financial institutions.
2) In the column "Contract amount," option premiums are disclosed in brackets < >, and corresponding fair value and valuation gains and losses are disclosed on the same line.

2. Derivative transactions which qualify for hedge accounting

(i) Currency-related transactions

At March 31, 2014

Not applicable for the year

At March 31, 2013

Not applicable for the year

(ii) Interest-related transactions

At March 31, 2014

Not applicable for the year

At March 31, 2013					Yen (millions)
Type of hedge accounting	Type of transaction	Principal item hedged	Contract amount	Contract amount over 1 year	Fair value
Deferral hedge	Interest rate swap transaction Pay fixed/ Receive variable	Borrowings	¥1,224	¥245	¥(14)

The fair value is based on quotes obtained from the financial institutions.

(iii) Stock-related transactions

At March 31, 2014					Yen (millions)	U.S. Dollars (thousands)		
Type of hedge accounting	Type of transaction	Principal item hedged	Contract amount	Contract amount over 1 year	Fair value	Contract amount	Contract amount over 1 year	Fair value
Deferral hedge	Option transaction to sell a stock	**Investment Securities**	**¥555**	**¥555**	**¥588**	**$5,388**	**$5,388**	**$5,709**

At March 31, 2013					Yen (millions)
Type of hedge accounting	Type of transaction	Principal item hedged	Contract amount	Contract amount over 1 year	Fair value
Deferral hedge	Option transaction to sell a stock	Investment Securities	¥555	¥555	¥688

The fair value is based on an option pricing model.

14. Retirement Benefits

The Company and the majority of the consolidated subsidiaries in Japan have unfunded lump-sum retirement plans which, in general, cover all employees who retire before a retirement age prescribed in their internal labor codes. The employees are entitled to the benefits primarily based on their length of service and base salary as of the retirement date.

In addition, the Company and the majority of the consolidated subsidiaries in Japan participate in contributory defined benefit plans which cover substantially all employees. The major contributory defined benefit plan (the "Plan"), which is referred to as the Fujitsu Corporate Pension Fund, entitles employees upon retirement at the normal retirement age to either a lump-sum payment or pension annuity payments for life commencing at age 60, or a combination of both based on their length of service, base salary and the number of years of participation in the Plan. The contributions of the Company and the subsidiaries covered by the Plan and their employees are made to the Fujitsu Corporate Pension Fund which is an external organization.

The Fujitsu Welfare Pension Fund, in which the Company and certain consolidated subsidiaries in Japan participated, received approval of an elimination of the future benefit obligations of the substitutional portion on March 23, 2004, and then received approval of transfer of past benefit obligation of the substitutional portion on September 1, 2005 from the Minister of Health, Labour and Welfare. Accordingly, Fujitsu Welfare Pension Fund changed to the Defined Benefit Corporate Plan based on the Japanese Defined Benefit Corporate Pension Law from the Japanese Welfare Pension Plan based on the Japanese Welfare Pension Insurance Law, and concurrently a part of the pension system was revised.

In April 2014, the Group decided to convert a part of the defined benefit plan to a cash balance plan and a defined contribution plan, effective from October 2014.

The majority of the consolidated subsidiaries outside Japan have defined benefit plans and/or defined contribution plans covering substantially all their employees. The major defined benefit pension plans provided outside Japan are the plans that Fujitsu Services Holdings PLC (including its consolidated subsidiaries, "FS") and Fujitsu Technology Solutions (Holding) B.V. (including its consolidated subsidiaries) provide. The major defined contribution pension plans provided outside Japan are the plans that FS and Fujitsu Australia Limited (including its consolidated subsidiaries) provide. The defined benefit pension plan provided by FS entitles employees to payments based on their length of service and salary. The defined benefit section of the plan was closed to new entrants effective the year ended March 31, 2001. New employees are, however, eligible for membership of the defined contribution section of the plan. For the year ended March 31, 2011, FS started to switch future accrual of benefits relevant to the employees participating in the defined benefit section of the plan to the defined contribution section of the plan and completed for the year ended March 31, 2012. For the year ended March 31, 2013, a special payment of ¥114,360 million (800 million Pound Sterling) was made into pension schemes of FS so as to make up the deficit–projected benefit obligation in excess of plan assets–. Also, the investment portfolio of plan assets was shifted toward bonds for the purpose of asset-liability matching.

The Company and its consolidated subsidiaries in Japan are fully compliant with the Generally Accepted Accounting Principles in Japan. The Company recognizes the funded status (the balance of the present value of the defined obligation minus the fair value of the plan assets) as a net defined benefit liability or asset, as a result of the application of "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan, Statement No. 26, issued May 17, 2012) at the end of the fiscal year ended March 31, 2014. The Company does not restate its financial statements for the prior period in accordance with the provision for transitional treatment.

The Company's consolidated subsidiaries outside Japan prepare their financial statements in accordance with IFRS. They applied "Employee Benefits" (IAS 19, issued June 16, 2011) from the beginning of the fiscal year ended March 31, 2014. Remeasurements of the net defined benefit liability (asset), including actuarial gains and losses, are immediately recognized through net assets, net of tax effects. The funded status is fully recognized as a liability or an asset. Though the option to recycle actuarial gains and losses from other comprehensive income to profit or loss is eliminated in IAS19, the actuarial gains and losses are recycled periodically and the amortization expense is recognized over the employees' average remaining service period in the process of the Group's consolidation, in line with the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements." In addition, recognition of the net interest on the net defined benefit liability (asset) replaces recognition of the interest cost and the expected return on plan assets previously required. The requirements of IAS 19 are applied retrospectively and the Group restated the financial statements for the year ended March 31, 2013 accordingly.

The balances of the "Projected benefit obligation and plan assets" and the "Components of net periodic benefit cost" in the plans in both Japan and outside Japan are summarized as follows:

<In Japan>

Projected benefit obligation and plan assets

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2013	**2014**	**2014**
Projected benefit obligation*[1]	¥ 1,432,021	**¥ 1,427,352**	**$ 13,857,786**
Plan assets*[2]	(1,068,535)	**(1,175,777)**	**(11,415,311)**
Projected benefit obligation in excess of plan assets	363,486	**251,575**	**2,442,476**
Net defined benefit liability	¥ 104,768	**¥ 253,107**	**$ 2,457,350**
Net defined benefit asset	(50,022)	**(1,532)**	**(14,874)**
Net amount of defined benefit liability and asset on the balance sheet	¥ 54,746	**¥ 251,575**	**$ 2,442,476**

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2013	**2014**	**2014**
Unrecognized past service cost (reduced obligation)*[3,4]	¥ (45,309)	**¥ (28,600)**	**$ (277,670)**
Unrecognized actuarial loss*[4]	354,049	**241,211**	**2,341,854**
Total	¥308,740	**¥212,611**	**$2,064,184**
Remeasurements of defined benefit plans (before tax effects)	¥ –	**¥212,611**	**$2,064,184**

*1 Defined benefit obligation for the funded plan and the unfunded plan is ¥1,309,870 million ($12,717,184 thousand) and ¥117,482 million ($1,140,602 thousand), respectively, as of March 31, 2014.

*2 Plan assets include ¥44,623 million ($433,233 thousand) of a retirement benefit trust established for the corporate pension plan as of March 31, 2013.

*3 As a result of pension revisions, unrecognized past service cost (reduced obligation) occurred for the year ended March 31, 2006 in Fujitsu Corporate Pension Fund in which the Company and certain consolidated subsidiaries in Japan participate.

*4 The Company and its consolidated subsidiaries in Japan have applied "Accounting Standard for Retirement Benefits" effective from the end of the year ended March 31, 2014. Accordingly, unrecognized actuarial gains and losses and past service cost are reflected in remeasurements of defined benefit plans, net of taxes, under net assets, and the funded status is fully recognized as a defined benefit liability or asset. This accounting standard is not applied retrospectively to financial statements of the prior years in accordance with the provision for transitional treatment.

The asset allocation of the plan assets as of March 31, 2014 is as follows: equity securities: 31%, fixed income securities: 44%, life insurance general accounts: 20%, cash and deposits: 3%, other: 2%. Domestic plan assets include a retirement benefit trust established for the corporate pension plan, accounting for 4% of the total domestic plan assets.

To determine the long-term expected rate of return on plan assets, the Company considers the current and expected asset allocation, as well as the current and long-term expected rates of return on various categories of plan assets.

Components of net periodic benefit cost

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2013	**2014**	**2014**
Service cost*5	¥ 40,204	**¥ 44,803**	**$ 434,981**
Interest cost	32,074	**23,359**	**226,786**
Expected return on plan assets	(27,411)	**(30,691)**	**(297,971)**
Amortization of actuarial gains and losses	43,528	**44,374**	**430,816**
Amortization of past service cost	(18,967)	**(18,213)**	**(176,825)**
Net periodic benefit cost	69,428	**63,632**	**617,786**
Loss on termination of retirement benefit plan	245	**3,972**	**38,563**
Total	¥ 69,673	**¥ 67,604**	**$ 656,350**

*5 Service cost includes net periodic benefit costs related with multi-employer plans.

In addition to the net periodic benefit cost stated above, contributions to defined contribution plans of ¥566 million and ¥764 million ($7,417 thousand) were recorded for the years ended March 31, 2013 and 2014, respectively.

Further, extra retirement benefits of ¥36,377 million and ¥5,737 million ($55,699 thousand) were recorded for the years ended March 31, 2013 and 2014, respectively.

Assumptions used in accounting for the plans

At March 31	2013	**2014**
Discount rate	1.7%	**1.7%**
Long-term expected rate of return on plan assets	2.9%	**2.9%**
Method of allocating actuarial gains and losses	Straight-line method over the employees' average remaining service period	**Straight-line method over the employees' average remaining service period**
Method of allocating past service cost	Straight-line method over 10 years	**Straight-line method over 10 years**

Reconciliation of beginning and ending balances of defined benefit obligation and plan assets

	Yen (millions)	U.S. Dollars (thousands)
March 31	**2014**	**2014**
Change in defined benefit obligation:		
Defined benefit obligation at beginning of year	**¥1,432,021**	**$13,903,117**
Service cost	**52,388**	**508,621**
Interest cost	**23,359**	**226,786**
Actuarial gains and losses incurred during the year	**4,276**	**41,515**
Payments from plan assets*6	**(52,372)**	**(508,466)**
Payments from company*6	**(11,679)**	**(113,388)**
Past service cost incurred during the year	**(1,930)**	**(18,738)**
Adjustments for plan termination and business restructurings	**(18,711)**	**(181,660)**
Defined benefit obligation at end of year	**¥1,427,352**	**$13,857,786**
Change in plan assets:		
Plan assets at beginning of year	**¥1,068,535**	**$10,374,126**
Expected return on plan assets	**30,691**	**297,971**
Actuarial gains and losses incurred during the year	**65,719**	**638,049**
Employer contributions	**61,934**	**601,301**
Employee contributions	**7,585**	**73,641**
Payments from plan assets*6	**(52,372)**	**(508,466)**
Adjustments for plan termination and business restructurings	**(6,315)**	**(61,311)**
Plan assets at end of year	**¥1,175,777**	**$11,415,311**

*6 Payments from plan assets and payments from company related to plan termination and business restructuring are included in "Adjustments for plan termination and business restructurings."

<Outside Japan>

Projected benefit obligation and plan assets

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2013	**2014**	**2014**
Defined benefit obligation*1	¥ 719,178	**¥ 821,111**	**$ 7,971,951**
Plan assets	(618,440)	**(689,351)**	**(6,692,728)**
Asset ceiling adjustments*2	248	**244**	**2,369**
Projected benefit obligation in excess of plan assets	100,986	**132,004**	**1,281,592**
Net defined benefit liability	¥102,357	**¥133,187**	**$1,293,078**
Net defined benefit asset	(1,371)	**(1,183)**	**(11,485)**
Net amount of defined benefit liability and asset on the balance sheet	¥100,986	**¥132,004**	**$1,281,592**

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2013	**2014**	**2014**
Unrecognized actuarial gains and losses*3	¥150,278	**¥175,164**	**$1,700,621**
Movements of asset ceiling adjustments*3	(554)	**(558)**	**(5,417)**
Total	¥149,724	**¥174,606**	**$1,695,204**
Remeasurements of defined benefit plans (Amount before related income tax effects)	¥149,724	**¥174,606**	**$1,695,204**

*1 Defined benefit obligation for the funded plan and the unfunded plan is ¥712,414 million ($6,916,641 thousand) and ¥108,697 million ($1,055,311 thousand), respectively, as of March 31, 2014.

*2 If the fair value of the plan assets exceeds the defined benefit obligation, net defined benefit asset is adjusted for any effect of limiting it to the asset ceiling in accordance with "Employee Benefits" (IAS 19, issued June 16, 2011).

*3 The Company's consolidated subsidiaries outside Japan have applied IAS 19 "Employee Benefits" (issued June 16, 2011) at the beginning of the year ended March 31, 2014. Accordingly, unrecognized actuarial gains and losses are reflected in remeasurements of defined benefit plans, net of taxes under net assets, and the funded status is fully recognized as a defined benefit liability or asset. These changes in accounting standard are applied retrospectively, and the consolidated financial statements for the year ended March 31, 2013 reflect this retrospective application.

The asset allocation of the plan assets for the year ended March 31, 2014 is as follows: equity securities: 12%, fixed income securities: 50%, life insurance general accounts: 1%, Liability Driven Investment portfolios: 31%, other: 6%. Liability Driven Investment portfolios are portfolios that consist primarily of fixed income securities and swap contracts, designed to hedge the interest rate and inflation risks associated with the scheme obligations.

Components of net periodic benefit cost

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2013	**2014**	**2014**
Service cost*4	¥ 3,471	**¥ 4,961**	**$ 48,165**
Net interest cost	7,265	**3,754**	**36,447**
Amortization of actuarial gains and losses*5	11,185	**22,318**	**216,680**
Amortization of past service cost	151	**(75)**	**(728)**
Net periodic benefit cost	22,072	**30,958**	**300,563**
Loss on termination of retirement benefit plan	(120)	**(5,753)**	**(55,854)**
Total	¥21,952	**¥25,205**	**$244,709**

*4 Service cost includes net periodic benefit costs related with multi-employer plans.

*5 Amortization of actuarial gains and losses includes ¥4,550 million ($44,175 thousand) of one-time amortization expense stemming from a partial buyout of the retirement benefit plans at a European subsidiary for the year ended March 31, 2014.

In addition to the net periodic benefit cost above, contributions to defined contribution plans of ¥14,642 million and ¥17,693 million ($171,777 thousand) were recorded for the years ended March 31, 2013 and 2014, respectively.

Assumptions used in accounting for the plans

At March 31	2013	**2014**
Discount rate	Mainly 4.4%	**Mainly 4.4%**
Method of allocating actuarial gains and losses	Straight-line method over the employees' average remaining service period	**Straight-line method over the employees' average remaining service period**
Past service cost	Immediate recognition	**Immediate recognition**

The long-term expected rate of return on plan assets is not disclosed as a result of the application of "Employee Benefits" (IAS 19, issued June 16, 2011), under which recognition of the net interest on the net defined benefit liability (asset) replaces recognition of the interest cost and the expected return on plan assets previously required.

Reconciliation of beginning and ending balances of defined benefit obligation and plan assets

	Yen (millions)	U.S. Dollars (thousands)
March 31	**2014**	**2014**
Change in defined benefit obligation:		
Defined benefit obligation at beginning of year	**¥719,178**	**$6,982,311**
Service cost	**5,375**	**52,184**
Interest cost	**32,396**	**314,524**
Actuarial gains and losses incurred during the year	**(21,305)**	**(206,845)**
Payments from plan assets*6	**(22,909)**	**(222,417)**
Payments from company*6	**(2,507)**	**(24,340)**
Past service cost incurred during the year	**(75)**	**(728)**
Amount of impact stemming from exchange rate fluctuations	**137,417**	**1,334,146**
Adjustments for plan termination and business restructurings	**(26,459)**	**(256,883)**
Defined benefit obligation at end of year	**¥821,111**	**$7,971,951**
Change in plan assets:		
Plan assets at beginning of year	**¥618,440**	**$6,004,272**
Interest income*7	**28,642**	**278,078**
Return on plan assets excluding interest income	**(41,326)**	**(401,223)**
Employer contributions	**6,653**	**64,592**
Employee contributions	**414**	**4,019**
Payments from plan assets*6	**(22,909)**	**(222,417)**
Amount of impact stemming from exchange rate fluctuations	**120,252**	**1,167,495**
Adjustments for plan termination and business restructurings	**(20,815)**	**(202,087)**
Plan assets at end of year	**¥689,351**	**$6,692,728**

*6 Payments from plan assets and payments from company related to plan termination and business restructuring are included in "Adjustments for plan termination and business restructurings."
*7 Interest income is the amount that multiples the fair value of plan assets at the beginning of year by discount rate.

15. Share-based Payment Plans

No significant transactions.

16. Income Taxes

The components of income taxes are as follows:

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2013	**2014**	**2014**
Current	¥31,726	**¥35,040**	**$340,194**
Deferred	(7,466)	**2,021**	**19,621**
Income taxes	¥24,260	**¥37,061**	**$359,816**

The reconciliations between the statutory income tax rates and the effective income tax rates for the years ended March 31, 2013 and 2014 are as follows:

Years ended March 31	2013	**2014**
Statutory income tax rates	37.9%	**37.9%**
Increase (Decrease) in tax rates:		
Decrease in deferred tax assets in accordance with changes in tax rate	—	**4.7%**
Amortization and impairment loss of goodwill	(28.1%)	**4.0%**
Tax credit	6.3%	**(3.8%)**
Non-deductible expenses for tax purposes	(5.6%)	**3.3%**
Tax effect on equity in earnings of affiliates, net	4.9%	**(2.6%)**
Non-taxable income	1.6%	**(0.9%)**
Valuation allowance for deferred tax assets	(59.7%)	**(0.8%)**
Other	(3.8%)	**(1.9%)**
Effective income tax rates	(46.5%)	**39.9%**

The significant components of deferred tax assets and liabilities at March 31, 2013 and 2014 are as follows:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2013	**2014**	**2014**
Deferred tax assets:			
Net defined benefit liability	¥ 163,277	**¥ 236,351**	**$ 2,294,670**
Tax loss carryforwards	168,947	**185,716**	**1,803,068**
Excess of depreciation and amortization and impairment loss, etc.	57,949	**55,092**	**534,874**
Accrued bonus	40,164	**40,887**	**396,961**
Inventories	25,751	**27,579**	**267,757**
Intercompany profit on inventories and property, plant and equipment	6,039	**5,636**	**54,718**
Loss on revaluation of investment securities	4,845	**5,535**	**53,738**
Provision for product warranties	8,026	**5,318**	**51,631**
Provision for loss on repurchase of computers	4,555	**4,188**	**40,660**
Other	65,774	**70,172**	**681,282**
Gross deferred tax assets	545,327	**636,474**	**6,179,359**
Less: Valuation allowance	(311,301)	**(337,320)**	**(3,274,951)**
Total deferred tax assets	234,026	**299,154**	**2,904,408**
Deferred tax liabilities:			
Gains from establishment of stock holding trust for retirement benefit plan	¥ (96,860)	**¥ (96,887)**	**$ (940,650)**
Unrealized gains on securities	(13,551)	**(19,810)**	**(192,330)**
Tax allowable reserves	(734)	**(165)**	**(1,602)**
Other	(7,679)	**(8,322)**	**(80,796)**
Total deferred tax liabilities	(118,824)	**(125,184)**	**(1,215,379)**
Net deferred tax assets	¥ 115,202	**¥ 173,970**	**$ 1,689,029**

As described in “1. Significant Accounting Policies,” from the beginning of the year ended March 31, 2014, the Company’s consolidated subsidiaries outside Japan have applied IAS 19 “Employee Benefits” (issued June 16, 2011). These changes in accounting policies are applied retrospectively, and the consolidated financial statements for the year ended March 31, 2013 reflect this retrospective application.

Net deferred tax assets are included in the consolidated balance sheets as follows:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2013	**2014**	**2014**
Current assets–Deferred tax assets	¥ 81,988	**¥ 81,360**	**$ 789,903**
Investments and other non-current assets–Deferred tax assets	67,018	**104,688**	**1,016,388**
Current liabilities–Others	(23)	**(147)**	**(1,427)**
Long-term liabilities–Deferred tax liabilities	(33,781)	**(11,931)**	**(115,835)**
Net deferred tax assets	¥115,202	**¥173,970**	**$1,689,029**

The Company and its wholly owned subsidiaries in Japan have adopted the consolidated tax return system of Japan.

In Japan, tax losses generated before March 31, 2008 and on and after April 1, 2008 can be carried forward up to 7 and 9 years, respectively. Tax losses can be carried forward up to 20 years in the United States, and indefinitely in the United Kingdom.

Realization depends on the abilities of the companies to generate sufficient taxable income prior to the expiration of the tax loss carryforwards. With respect to deferred tax assets, we recorded a valuation allowance to cover the amount in excess of what we are likely to recover in the future.

Revisions in the Amounts of Deferred Tax Assets and Liabilities as a Result of a Change in the Corporate Tax Rate

On March 31, 2014, the Act to Partially Revise the Income Tax Act (Act No. 10 of 2014) was promulgated, according to which the Special Reconstruction Corporation Tax will no longer be imposed with the fiscal year ended March 31, 2015. In addition, the Local Corporate Tax Act (Act No. 11 of 2014) was also promulgated on March 31, 2014, according to which, with the fiscal year ended March 31, 2016, in lieu of a reduction in the residents tax rate, a Local Corporate Tax that is considered a national tax will be imposed. For the year ended March 31, 2014, the statutory income tax rate used for calculating deferred tax assets and deferred tax liabilities (limited to those reversing after April 1, 2014) has been reduced from the previous fiscal year's rate of 37.9% to 35.6%.

As a result, the amount of deferred tax assets (after subtracting deferred tax liabilities) decreased by ¥4,357 million ($42,301 thousand), and the amount of corporate tax adjustment recorded in the fiscal year ended March 31, 2014 increased by the same amount. In addition, the amount of deferred tax assets (after subtracting deferred tax liabilities) increased by ¥1,697 million ($16,476 thousand), resulting in an increase of ¥1,667 million ($16,184 thousand) in remeasurements of defined benefit plans, net of taxes and an increase of ¥30 million ($291 thousand) in unrealized gain and loss on securities, net of taxes, under net assets.

17. Business Combinations

No significant transactions.

18. Segment Information

1. Reportable Segments Overview

The Company's reportable segments consist of components of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Group's executive decision-making body to make decisions about resource allocation to the segments and assess their performance.

In the field of information and communication technology (ICT), while delivering wide varieties of services, the Group offers comprehensive solutions, from the development, manufacturing, and sales, to the maintenance and operations of cutting-edge, high-performance and high-quality products, and electronic devices that support services. The Group's business is organized into three reportable segments—Technology Solutions, Ubiquitous Solutions, and Device Solutions—based on the Group's managerial structure, characteristics of the products and services, and the similarities of the sales market within each operating segment. Managerial structure and product and service classification in each reportable segment are as follows.

(1) Technology Solutions

To optimally deliver to customers comprehensive services that integrate products, software, and services, the segment is organized in a matrix management structure comprised of business departments that are organized by product and service type in order to manage costs and devise global business strategies, and sales departments that are organized along industry and geographic lines.

This reportable segment consists of Solutions/Systems Integration, which are services for the construction of information and communication systems, Infrastructure Services, which are primarily outsourcing and maintenance services, System Products, which covers mainly the servers and storage systems that comprise ICT platforms, and Network Products, which are used to build communications infrastructure, such as mobile phone base stations and optical transmission systems.

(2) Ubiquitous Solutions

The segment is organized into independent business management units along product lines and includes the sales departments.

This reportable segment contains ubiquitous terminals—including personal computers and mobile phones, as well as car audio and navigation systems, mobile communication equipment, and automotive electronic equipment—that collect various information and knowledge generated from the behavioral patterns of people and organizations needed to achieve the Group's vision of a "Human Centric Intelligent Society" (a society that enjoys the benefits of the value generated by ICT without requiring anyone to be conscious of the technological complexities involved).

(3) Device Solutions

The segment is organized by product in independent business management units which include the respective sales departments and contains the cutting-edge technologies, including LSI devices used in digital home appliances, automobiles, mobile phones and servers, as well as electronic components, such as semiconductor packages and batteries.

2. Method Used to Calculate Net Sales, Profit or Loss, Assets and Other Items by Reportable Segments

Accounting methods applied to reportable segments are almost the same as that presented in "1. Significant Accounting Policies."

Income figures for operating segments are based on operating income. The Group's financing (including financial expense and income) as well as other items such as corporate tax are managed by the whole Group and have not been allocated within the operating segments.

Inter-segment transactions are based on an arm's length basis.

As described in "1. Significant Accounting Policies," from the the year ended March 31, 2014, the Company's consolidated subsidiaries outside Japan have applied IAS 19 "Employee Benefits" (issued June 16, 2011).

These changes in accounting policies are applied retrospectively, and the consolidated financial statements for the year ended March 31, 2013 reflect this retrospective application. As a result, operating income for "Technology Solutions" for the year ended March 31, 2013 decreased by ¥7,006 million, compared to the amount before the retrospective application.

3. Amounts of Net Sales, Profit or Loss, Assets and Other Items by Reportable Segments

Yen (millions)

	Reportable segments						
Years ended March 31	Technology Solutions	Ubiquitous Solutions	Device Solutions	Total	Other Operations	Elimination & Corporate	Consolidated
2014							
Net sales							
External customers	**¥3,192,928**	**¥ 987,976**	**¥547,709**	**¥4,728,613**	**¥12,466**	**¥ 21,366**	**¥4,762,445**
Inter-segment	**50,085**	**137,486**	**52,571**	**240,142**	**44,955**	**(285,097)**	**–**
Total sales	**3,243,013**	**1,125,462**	**600,280**	**4,968,755**	**57,421**	**(263,731)**	**4,762,445**
Operating income (loss)	**209,133**	**(22,105)**	**28,394**	**215,422**	**(8,384)**	**(64,471)**	**142,567**
Total assets	**1,519,694**	**387,317**	**372,291**	**2,279,302**	**23,370**	**776,862**	**3,079,534**
Other items							
Capital expenditure (including intangible assets)	**118,773**	**23,200**	**37,914**	**179,887**	**1,597**	**5,660**	**187,144**
Depreciation	**107,219**	**20,761**	**38,056**	**166,036**	**1,635**	**8,388**	**176,059**
Amortization of goodwill for the year	**9,829**	**56**	**(177)**	**9,708**	**–**	**–**	**9,708**
Balance of goodwill at end of the fiscal year	**25,969**	**83**	**1,451**	**27,503**	**–**	**–**	**27,503**
2013							
Net sales							
External customers	¥2,890,376	¥ 972,971	¥483,896	¥4,347,243	¥18,379	¥ 16,106	¥4,381,728
Inter-segment	52,002	117,278	56,478	225,758	46,333	(272,091)	–
Total sales	2,942,378	1,090,249	540,374	4,573,001	64,712	(255,985)	4,381,728
Operating income (loss)	173,967	9,626	(14,246)	169,347	(6,922)	(74,153)	88,272
Total assets	1,442,810	335,747	383,418	2,161,975	20,562	737,789	2,920,326
Other items							
Capital expenditure (including intangible assets)	104,585	23,851	45,828	174,264	1,873	10,155	186,292
Depreciation	102,784	21,496	44,023	168,303	1,703	8,385	178,391
Amortization of goodwill for the year	14,115	49	67	14,231	–	–	14,231
Balance of goodwill at end of the fiscal year	30,181	119	(726)	29,574	–	–	29,574

U.S. Dollars (thousands)

	Reportable segments						
Year ended March 31	Technology Solutions	Ubiquitous Solutions	Device Solutions	Total	Other Operations	Elimination & Corporate	Consolidated
2014 (in U.S. Dollars)							
Net sales							
External customers	**$30,999,301**	**$ 9,592,000**	**$5,317,563**	**$45,908,864**	**$121,029**	**$ 207,437**	**$46,237,330**
Inter-segment	**486,262**	**1,334,816**	**510,398**	**2,331,476**	**436,456**	**(2,767,932)**	**–**
Total sales	**31,485,563**	**10,926,816**	**5,827,961**	**48,240,340**	**557,485**	**(2,560,495)**	**46,237,330**
Operating income (loss)	**2,030,417**	**(214,612)**	**275,670**	**2,091,476**	**(81,398)**	**(625,932)**	**1,384,146**
Total assets	**14,754,311**	**3,760,359**	**3,614,476**	**22,129,146**	**226,893**	**7,542,350**	**29,898,388**
Other items							
Capital expenditure (including intangible assets)	**1,153,136**	**225,243**	**368,097**	**1,746,476**	**15,505**	**54,951**	**1,816,932**
Depreciation	**1,040,961**	**201,563**	**369,476**	**1,612,000**	**15,874**	**81,437**	**1,709,311**
Amortization of goodwill for the year	**95,427**	**544**	**(1,718)**	**94,252**	**–**	**–**	**94,252**
Balance of goodwill at end of the fiscal year	**252,126**	**806**	**14,087**	**267,019**	**–**	**–**	**267,019**

Notes 1. The "Other Operations" segment consists of operations not included in the reportable segments, such as Japan's Next-Generation Supercomputer project, facility services and the development of information systems for the Group companies and welfare benefits for the Group employees.

2. Operating income (loss) of "Elimination & Corporate" consists of corporate expenses and elimination.
Amounts incurred for the years ended March 31, 2013 and 2014 were corporate expenses of ¥70,750 million and ¥68,261 million ($662,728 thousand) and elimination of ¥3,403 million and –¥3,790 million (–$36,796 thousand), respectively.
Corporate expenses mainly consist of strategic expenses such as basic research and development expenses which are not attributable to the reportable segments and group management shared expenses incurred by the Company.

3. Total assets of "Elimination & Corporate" consist of corporate assets and elimination. Balances at March 31, 2013 and 2014 were corporate assets of ¥819,043 million and ¥865,088 million ($8,398,913 thousand) and elimination of ¥81,254 million and ¥88,226 million ($856,563 thousand), respectively.
Corporate assets mainly consist of temporary excess funds, certificates of deposit, shares of corporate customers held for maintaining and strengthening business ties, deferred tax assets and net defined benefit asset.

4. The Group has applied "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan, Statement No. 21) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan, Guidance No. 10) effective the year ended March 31, 2011. The negative goodwill generated by the business combination before the application of the standards is included in "Amortization of goodwill" and "Balance of goodwill at end of the fiscal year."

4. Related Information

(1) Information by products and services

Sales to external customers

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2013	**2014**	**2014**
Technology Solutions			
Services	¥2,356,780	**¥2,594,829**	**$25,192,515**
System Platforms	533,596	**598,099**	**5,806,786**
Ubiquitous Solutions			
Personal Computers and Mobile Phones	711,468	**668,116**	**6,486,563**
Mobilewear	261,503	**319,860**	**3,105,437**
Device Solutions			
LSI	255,558	**296,812**	**2,881,670**
Electronic Components	228,338	**250,897**	**2,435,893**
Other Operations	18,379	**12,466**	**121,029**
Elimination & Corporate	16,106	**21,366**	**207,437**
Total	¥4,381,728	**¥4,762,445**	**$46,237,330**

Note: The details on products and services are presented in "Business Overview" (page 36).

(2) Geographic information

a. Net sales

	Yen (millions)				U.S. Dollars (thousands)
Years ended March 31	2013		**2014**		**2014**
Japan	¥2,883,513	65.8%	**¥2,960,954**	**62.2%**	**$28,747,126**
Outside Japan					
EMEA	768,149	17.5%	**926,005**	**19.4%**	**8,990,340**
The Americas	287,742	6.6%	**387,444**	**8.1%**	**3,761,592**
APAC & China	442,324	10.1%	**488,042**	**10.3%**	**4,738,272**
Sub Total	1,498,215	34.2%	**1,801,491**	**37.8%**	**17,490,204**
Total	¥4,381,728	100.0%	**¥4,762,445**	**100.0%**	**$46,237,330**

b. Property, plant and equipment

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2013	**2014**	**2014**
Japan	¥496,916	**¥490,775**	**$4,764,806**
Outside Japan			
EMEA	48,052	**52,500**	**509,709**
The Americas	21,332	**24,172**	**234,680**
APAC & China	52,160	**52,179**	**506,592**
Sub Total	121,544	**128,851**	**1,250,981**
Total	¥618,460	**¥619,626**	**$6,015,786**

Notes: 1. The principal countries and regions included in the Outside Japan segment are as follows:
(1) EMEA (Europe, Middle East and Africa) .... U.K., Germany, Spain, Finland, Sweden
(2) The Americas .... U.S.A., Canada
(3) APAC & China (APAC = Asia-Pacific) .... Australia, Singapore, Korea, Taiwan, China
2. There is no country which is required to be disclosed individually.
3. Net sales are classified by countries or regions based on locations of customers.
4. The property, plant and equipment are classified by countries or regions based on locations of the Group.

(3) Information about major customers

Net Sales

	Yen (millions)
Year ended March 31	2013
NTT Group	¥523,908

Related segment: .... Technology Solutions, Ubiquitous Solutions and other segments
Notes: 1. NIPPON TELEGRAPH AND TELEPHONE CORPORATION, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION, NTT COMMUNICATIONS CORPORATION, NTT DOCOMO, Inc. and NTT DATA CORPORATION are included in NTT Group.
2. Information for the year ended March 31, 2014 is not disclosed because no specific customer reached 10% of net sales in the consolidated income statement.

19. Related-party Transactions

(Related-party transactions)
No significant transactions.

(Note to significant affiliate)
Not applicable for the year.

20. Earnings per Share

	Yen		U.S. Dollars
Years ended March 31	2013	**2014**	**2014**
Basic earnings (losses) per share	¥(38.62)	**¥23.49**	**$0.228**
Diluted earnings per share	–	**23.49**	**0.228**

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2013	**2014**	**2014**
Net income (loss)	¥(79,919)	**¥48,610**	**$471,942**
Net income not attributable to common stock holders	–	**–**	**–**
Net income (loss) attributable to common stock holders	(79,919)	**48,610**	**471,942**
Effect of dilutive securities	–	**(8)**	**(78)**
[Adjustment related to dilutive securities issued by subsidiaries and affiliates]	[–]	**[(8)]**	**[(78)]**
Diluted net income (loss)	(–)	**¥48,602**	**$471,864**

	thousands	
Basic weighted average number of shares	2,069,330	**2,069,210**
Effect of dilutive securities	–	**–**
Diluted weighted average number of shares	–	**2,069,210**

Diluted earnings per share for the year ended March 31, 2013 are not disclosed due to the recording at a net loss in accordance with "Accounting Standard for Earnings Per Share" (Accounting Standards Board of Japan, Statement No. 2), although the Company has potentially diluted share.

As described in "1. Significant Accounting Policies," the Company and its consolidated subsidiaries in Japan have applied "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan, Statement No. 26, issued May 17, 2012, hereafter "Accounting Standard for Retirement Benefits") and "Implementation Guidance on Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Guidance No. 25, issued May 17, 2012). In accordance with the provision for transitional treatment as stated in paragraph 37 of the Accounting Standard for Retirement Benefits, the Company and its consolidated subsidiaries in Japan have not applied the standard retrospectively. As a result, there is no impact on the 2013 consolidated fiscal year figures for basic earnings (losses) per share.

From the beginning of the year ended March 31, 2014, the company's consolidated subsidiaries outside Japan have applied IAS 19 "Employee Benefits" (issued June 16, 2011). These changes in accounting policies are applied retrospectively, and the consolidated financial statements for the year ended March 31, 2013 reflect this retrospective application. As a result, basic loss per share for the year ended March 31, 2013 increased by ¥3.38, compared to the amount before the retrospective application.

21. Commitments and Contingent Liabilities

Commitments outstanding at March 31, 2013 and 2014 for purchases of property, plant and equipment and intangible assets were approximately ¥11,615 million and ¥6,641 million ($64,476 thousand), respectively.

Contingent liabilities for guarantee contracts at March 31, 2013 and 2014 amounted to ¥1,716 million and ¥1,205 million ($11,699 thousand), respectively, and referred mainly to guarantees given for employees' housing loans.

22. Events after the Reporting Period

The Company issued unsecured straight bonds on June 12, 2014.

1. Thirty-Fifth Series Unsecured Straight Bonds

Total amount of issue	: ¥40,000 million ($388,350 thousand)
Interest rate	: 0.339%
Issue price	: 100% of the denomination of each bond
Term and redemption method	: June 12, 2019 (5 years), bullet repayment
Issue date	: June 12, 2014
Collateral	: The bonds are not secured by any pledge, mortgage or other charge on any assets or revenues of the Company or of others, nor are they guaranteed. There are no assets reserved as security for the bonds.
Application of funds	: The amount is scheduled to be allocated for redemption and repayment of the bonds and loans that will reach maturity by the end of March 2015.

2. Thirty-Sixth Series Unsecured Straight Bonds

Total amount of issue	: ¥30,000 million ($291,262 thousand)
Interest rate	: 0.562%
Issue price	: 100% of the denomination of each bond
Term and redemption method	: June 11, 2021 (7 years), bullet repayment
Issue date	: June 12, 2014
Collateral	: The bonds are not secured by any pledge, mortgage or other charge on any assets or revenues of the Company or of others, nor are they guaranteed. There are no assets reserved as security for the bonds.
Application of funds	: The amount is scheduled to be allocated for redemption and repayment of the bonds and loans that will reach maturity by the end of March 2015.

INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

The Board of Directors
FUJITSU LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Fujitsu Limited (the "Company") and its consolidated subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in net assets, and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2014, and its consolidated financial performance and its cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

1. We draw attention to Note 1 to the consolidated financial statements referred to above, effective from the end of the year ended March 31, 2014, the Company and its consolidated subsidiaries in Japan have applied "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No. 26, issued May 17, 2012), and "Implementation Guidance on Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Guidance No. 25, issued May 17, 2012).
2. We draw attention to Note 1 to the consolidated financial statements referred to above, the Company's consolidated subsidiaries outside Japan have applied IAS 19 "Employee Benefits" (issued June 16, 2011) at the beginning of the year ended March 31, 2014.

Our opinion is not qualified in respect of this matter.

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Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

Report on the Management's Report

We have also audited the accompanying Management's Report on Internal Control over Financial Reporting for the consolidated financial statements as at March 31, 2014 of the Group (the "Management's Report").

Management's Responsibility for the Management's Report

The Group's management is responsible for designing and operating internal control over financial reporting, and for the preparation and fair presentation of the Management's Report in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan. Internal control over financial reporting may not completely prevent or detect misstatements.

Auditor's Responsibility

Our responsibility is to express an opinion on the Management's Report based on our audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Management's Report is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about management's assessment on internal control over financial reporting in the Management's Report. The procedures selected depend on the auditor's judgment, including materiality of effect on the reliability of financial reporting. An internal control audit includes examining the overall presentation of the Management's Report, including disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our internal control audit opinion.

Opinion

In our opinion, the Management's Report referred to above, which represents that internal control over financial reporting of the consolidated financial statements as at March 31, 2014 is effective, presents fairly, in all material respects, management's assessment on internal control over financial reporting for the consolidated financial statements in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

Ernst & Young ShinNihon LLC

June 20, 2014
Tokyo, Japan

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

1. Basic Framework of Internal Control over Financial Reporting

Masami Yamamoto, President and Representative Director of Fujitsu Limited (the "Company"), and Hidehiro Tsukano, Corporate Senior Vice President and Chief Financial Officer of the Company, are responsible for the design and operation of internal control over financial reporting for the Fujitsu Group's consolidated financial statements. The Fujitsu Group designs and operates its internal control over financial reporting in accordance with guidelines set forth in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" from the Business Accounting Council of the Financial Service Agency of Japan.

Internal control aims at achieving the objectives to a reasonable extent with the organized and integrated function of basic individual components of internal control as a whole. There are inherent limitations to the extent that internal control can be achieved. Such limitations include misjudgments and carelessness by individuals carrying out internal control activities, or fraud caused by the collusion of two or more individuals. Accordingly, internal control may not completely prevent or detect misstatements in financial reporting.

2. Scope of Assessment, Assessment Date and Assessment Procedure

The Fujitsu Group performed an assessment of internal control over financial reporting for its consolidated financial statements as of the end of the fiscal year, March 31, 2014, in accordance with generally accepted assessment standards in Japan for internal control over financial reporting.

In making an assessment of the entire Fujitsu Group, including the parent company, Fujitsu Limited, and its consolidated subsidiaries and equity method affiliates, the necessary scope of the assessment was determined from the perspective of material impact on the reliability of financial reporting. Within the scope of assessment, the Company identified the risks of misstatement which would have a material impact on the reliability of financial reporting and the controls which mitigate such risks to a reasonably accepted level, and then assessed the effectiveness of the design and operation of those controls.

The Company determined that 106 consolidated companies and 1 equity method affiliate should be subject to the assessment of company-level controls, and financial closing and reporting process controls, taking into account the degree of quantitative and qualitative impact on the consolidated financial statements.

With respect to process-level controls, considering the results of the assessment of company-level controls, the Company designated 23 business locations that accounted for approximately two-thirds of the aggregated sales for this fiscal year (before elimination of inter-company transactions) of the consolidated companies as "significant business locations/units" which should be subject to the assessment.

In regard to those "significant business locations/units," the Company determined that sales, accounts receivables and inventories were the accounts closely associated with the Company's business objectives and, in principle, all business processes relating to those accounts should be subject to assessment.

Some of those business processes, which do not have a material quantitative impact or are not closely associated with business objectives, were excluded from the scope of the assessment. Other business processes relating to significant accounts involving estimates and management's judgment were included in the scope of assessment, taking into account the impact on financial reporting individually.

Regarding IT general control for "significant business locations/units," the Company performed an assessment of the systems used to automate business process controls. These systems were assessed according to the type of infrastructure.

3. Assessment Result

As a result of performing the assessment in accordance with the above policy, the Company concluded that the design and operation of internal control over financial reporting for the Fujitsu Group were effective as of March 31, 2014.

GLOSSARY

Agile (System development)
A coverall term for software development methods that enable quick and flexible responses to changes in the environment. Many of the approaches use short processes repeated multiple times to construct the entire system.

All IP
The use of Internet protocol (IP) technology alone to replace a conventional telephone exchange or time division multiplexing (TDM) system, or a network constructed only with IP.

AR
Augmented Reality. Also called "extended reality" or "enhanced reality," AR refers to the delivery of ICT-based information to users interacting with the real world, to enhance their experience. Unlike "virtual reality," which delivers information in a simulated world, AR involves the use of touch panels or wearable interfaces to provide the necessary additional information in the real world.

Backbone (network)
The basic trunk line at the core of a network.

Big data
A large volume of wide-ranging data. Big data is drawing attention as a potential source for creating new value.

Cloud/Cloud computing
A platform enabling on-demand access via a network to IT resources (i.e., resources required to create an adequate computer operating environment such as servers, storage, networks, operating systems, and software) across a network.

CPU
Central Processing Unit—a device that processes or controls information in a computer. The CPU reads instructions from a memory device, performs calculations and delivers the results to an output or memory device.

Datacenter
A building or facility that has been designed and built specifically to house computer systems.

Data mining
Comprehensive application of statistical, pattern recognition, artificial intelligence and other methods to big data to derive knowledge.

Digital marketing
A promotion method offering new value to individual consumers through the use of an omni-channel that combines both the Internet (e-commerce sites, social media, etc.) and real-world channels (actual stores) in response to the diversifying trends in purchasing behavior.

Ecosystem
A system of coexistence and mutual benefit in which multiple companies form partnerships in product development or business activities and leverage one another's technologies or capital. The system may involve developers, sales agents, sales stores, and advertising media, as well as consumers and society, in wide ranging relationships that cross industry boundaries and national borders.

Fabless
A business model where development and design alone are conducted in-house, with all manufacturing outsourced.

Feature phone
A conventional mobile phone, as opposed to a smartphone.

Foundry
A type of semiconductor manufacturer that handles front-end processing of chips, using design data and processing condition specifications provided by a client. Foundries make aggressive up-front investments in order to expand business by demonstrating superior manufacturing technologies.

Hosting
A service allowing customers to make use of computing capability, which is transmitted over the Internet from servers installed at a company's facilities.

Human Centric Intelligent Society
Fujitsu's vision for a society realized by using ICT, where people live more fully, enjoying a life of greater safety, peace of mind, comfort, and convenience.

IaaS
Infrastructure as a Service—a cloud computing platform that provides access via networks to network lines, servers, and other infrastructure required for computer system building and operation.

ICT
Information and Communication Technology for information processing and information communication.

IoT/Internet of Things
IoE/Internet of Everything
A system for mutual control of objects by connection and information exchange via the Internet.

LTE/LTE-Advanced
Long Term Evolution—a mobile phone communication standard offering faster data communication speed than the 3G standard. LTE-Advanced is a fourth generation (4G) mobile telecommunications standard that will succeed LTE. LTE-Advanced will realize faster, more advanced data communication on a par with fiber-optic cable speeds while still maintaining compatibility with LTE.

Mainframe
A shorthand term used to refer to large-scale general purpose computers. In general, a mainframe computer allows multiple users to operate hundreds or even thousands of terminals. This type of computer is often used by banks, insurance companies, and other organizations as a mission-critical system where the users need to access and process centralized data.

Managed services
A mode of outsourcing where the provider performs maintenance and management of an ICT system on behalf of the customer. In the case of PCs, servers and other hardware, this can include obtaining and installing the equipment along with basic software such as an operating system, monitoring system operation, restarting the system and replacing parts in the event of faults, and support via telephone or email 24 hours a day, every day of the year.

Milbeaut®
An imaging processor manufactured by Fujitsu Semiconductor. Milbeaut® processors are LSIs with functions for processing signals from image sensors at high speed and with high image quality. They are used by various companies for digital SLRs and other digital cameras, as well as for mobile phones (Milbeaut Mobile).

Mobile backhaul
A network covering multiple mobile base stations in different locations, responsible for transferring data traffic from mobile devices to the mobile core network.

Modernization
The process of changing over to a long-lasting framework that makes efficient use of existing ICT assets.

NFC
Near Field Communication—close-range wireless communications.

Offshoring
The contracting of work to overseas subsidiaries or vendors, including operations such as systems or software development, maintenance, operation or other activities.

Omni-channel marketing
Integration of all forms of sales channels and distribution channels such as real and online stores. Also, the creation of an environment where an integrated sales channel structure enables customers to purchase products in the same manner through any sales channel.

Optical transmission system/optical transmission (equipment)
A cabled communication system using light as a medium to transmit communication signals via optical fibers. Optical transmission systems offer large capacity, high speed, and high quality, and can transmit over long distances.

Outsourcing
The practice of entrusting specific parts of a company's operations to specialists on a contract basis. In the IT sector, it generally refers to the use of an outside contractor to handle systems management and operation. "Outsourcing" is also used to refer to the services provided.

PaaS
Platform as a Service—a cloud computing platform for providing access via a network to hardware, operating systems, and other infrastructure required for application development and deployment.

POS
Point of Sales–a computer system for managing sales information at the time of sale.

Private cloud
Construction and use of an exclusive cloud environment that can only be accessed by certain individuals (as opposed to a publicly accessible "public cloud").

Public cloud
A platform for using servers and storage, operating systems, and other IT resources provided by service providers via a network to an unspecified number of corporations, individuals, and other users. There is no need to build an in-house system or to own or manage IT assets onsite.

RISC
Reduced Instruction Set Computing—a particular design for a processor chip which uses simplified code for instructions in order to handle pipeline processing (parallel processing of multiple instructions) more efficiently, thus enhancing performance.

Router
A device that relays the data flow from one network to another.

SaaS
Software as a Service—a cloud computing platform that provides access via a network to service providers' software (application) offerings.

School New Deal
A concept relating to the enhancement of school educational facilities organized in 2009 by the Ministry of Education, Culture, Sports, Science and Technology. The main policies include upgrading the schools' ICT environments.

Self check-out system
A self-service cash register where customers scan barcodes on their purchases and complete payment themselves.

Service Delivery
The process of providing and guaranteeing appropriate support services to customers.

SI
System Integration

Smartphone
A mobile phone offering voice calling and email that also enables users to customize functions by individually adding new software.

SNS
Social Networking Services—a community-type website or social network built on a communications network such as the Internet. SNS sites facilitate social interaction by encouraging people to connect and communicate.

SDN (Software Defined Network)/ NFV (Network Functions Virtualization)
A technology for virtualizing networks by means of a system that uses software to dynamically define and control a network configuration.

Standardization (in relation to system construction, SI and other service businesses)
Unification of the structure or format of physical and virtual products and systems supplied by different vendors. This allows greater efficiency to be achieved by using uniform procedures and processes.

Storage
A device for storing data indefinitely. Examples include magnetic disks (hard disks, etc.) and optical disks (CDs/DVDs/ Blu-ray Discs, etc.), flash memory (USB memory/memory cards/SSD, etc.) and magnetic tape.

Supercomputer
Large computers with extremely advanced processing and calculation capabilities, relative to the "standard" computers of the era. Supercomputers are mainly used by research organizations and companies to handle difficult, large-scale and intricate calculations at high speeds.

Switch
A device for relaying signals on a network (hub).

Tier
A standard for evaluating datacenters, created by The Uptime Institute, a private sector organization in the US. The standard evaluates datacenter quality, such as redundancy of peripheral facilities, etc., and assigns a rating. The evaluation levels range from Tier 1 (most basic) to Tier 4 (most advanced).

Thin client
A method of computing where processing is kept to a minimum on the user terminal and mainly concentrated on a server.

Ultrabook™
A term originated by Intel of the United States to describe an ultra-thin, lightweight mobile notebook PC. This class of notebook PCs is notable for having shorter waiting times from power up to operation.

UNIX Server
A type of server that uses the UNIX operating system developed by AT&T Bell Laboratories in the US in 1968. UNIX servers use RISC processors to enhance processing performance. Fujitsu provides various technologies for UNIX servers to minimize hardware-based system flaws or errors that might interrupt customers' operations.

Vehicle ICT
Connecting vehicles and society through the power of ICT. Using a tablet PC as the central console, internal and external vehicle information, mainly from an onboard server, is connected via a cloud system with the aim of realizing comfortable, safe "smart vehicles."

Virtualization
Refers to the flexible separation or integration of computer systems independently of actual physical components such as processors, memory units, disks, and communication circuits (and their combinations). One example of virtualization is "server virtualization," where a single server is logically partitioned to simulate many separate computers, each running its own operating system and software applications. Another example is "storage virtualization" where multiple disks are treated as a single disk, thus making it possible to store a large volume of data in a single location with greater fault tolerance.

Waterfall (System development)
A development method in which the project is divided into a time series of work processes (phases) including definition of requirements, outline design, detail design, programming, testing, and operation. In principle, the project does not move to a new phase until the current phase is complete and the quality of the result confirmed, thereby minimizing the need to return to (rework) earlier phases.

Wearable (-computer, -device)
A computer or device that can be worn on the body while moving.

x86 Server
A server with the same basic design as a PC. Specifically, the term is often used to refer to a server with an x86 processor, though not necessarily an entry server. Since x86 servers use many of the same components as mass-market PCs, they tend to be inexpensive relative to performance.

Zero client
A method of computing where a client computer has only functions for network connection, image rendering, display output, and keyboard and mouse input, but does not have an ordinary operating system (OS) for a PC. Instead, most of the information processing functions are executed on a server using a virtual desktop function.

100 Gbps packet-integrated optical system
A high-capacity, high-speed optical transmission system capable of handling 100 Gbps while reducing the number of units installed and maintenance costs by integrating the respective layers of switch devices (IP packet) and optical transmission devices (wavelength division multiplexers and time division multiplexers), which are conventionally provided separately.

PRINCIPAL SUBSIDIARIES AND AFFILIATES

(As of March 31, 2014)

The positioning of, and relationship between, Fujitsu Limited and its principal consolidated subsidiaries and affiliates (512 consolidated subsidiaries and 24 affiliates) are as shown in the following chart.

Customer

Fujitsu Limited

Technology Solutions

Development, Manufacturing and Sales	Percentage of Voting Rights (%)	
Fujitsu Frontech Limited (Inagi-shi, Tokyo)	53.94	(0.45)
Fujitsu Telecom Networks Limited (Kawasaki-shi)	100	
Fujitsu Network Communications, Inc. (U.S.)	100	

Development, Manufacturing	Percentage of Voting Rights (%)
Fujitsu IT Products Limited (Kahoku-shi, Ishikawa)	100

Development, Sales and Provision of Services	Percentage of Voting Rights (%)	
Fujitsu Broad Solution & Consulting Inc. (Minato-ku, Tokyo)	56.45	
Fujitsu Marketing Limited (Bunkyo-ku, Tokyo)	100	
Fujitsu Systems East Limited (Bunkyo-ku, Tokyo)	100	
Fujitsu Systems West Limited (Osaka-shi)	100	
Fujitsu FIP Corporation (Koto-ku, Tokyo)	100	
NIFTY Corporation (Shinjuku-ku, Tokyo)	66.60	
Fujitsu FSAS Inc. (Kawasaki-shi)	100	
PFU Limited (Kahoku-shi, Ishikawa)	100	
Fujitsu Mission Critical Systems Limited (Yokohama-shi)	100	
Fujitsu Services Holdings PLC (U.K.)	100	
Fujitsu America, Inc. (U.S.)	100	(100)
Fujitsu Australia Limited (Australia)	100	

Development, Manufacturing Sales and Provision of Services	Percentage of Voting Rights (%)
Fujitsu Technology Solutions (Holding) B.V. (Netherlands)	100

Ubiquitous Solutions

Development, Manufacturing	Percentage of Voting Rights (%)
Shimane Fujitsu Limited (Izumo-shi, Shimane)	100
Fujitsu Isotec Limited (Date-shi, Fukushima)	100
Fujitsu Mobile-phone Products Limited (Otawara-shi, Tochigi)	100

Development, Manufacturing and Sales	Percentage of Voting Rights (%)
Fujitsu Mobile Communications Limited (Kawasaki-shi)	100
Fujitsu Peripherals Limited (Kato-shi, Hyogo)	100
Fujitsu TEN Limited (Kobe-shi)	55.00

Sales	Percentage of Voting Rights (%)
Fujitsu Personal System Limited (Minato-ku, Tokyo)	100

Device Solutions

Development, Manufacturing and Sales	Percentage of Voting Rights (%)	
Fujitsu Semiconductor Limited (Yokohama-shi)	100	
Shinko Electric Industries Co., Ltd. (Nagano-shi, Nagano)	50.06	(0.03)
FDK Corporation (Minato-ku, Tokyo)	72.58	(0.01)
Fujitsu Component Limited (Shinagawa-ku, Tokyo)	56.96	

Sales	Percentage of Voting Rights (%)	
Fujitsu Electronics Inc. (Yokohama-shi)	100	(100)

Research and Development	Percentage of Voting Rights (%)
Fujitsu Laboratories Ltd. (Kawasaki-shi)	100

Equity Method Affiliates	Percentage of Voting Rights (%)
Fujitsu General Limited* (Kawasaki-shi)	44.26
Fujitsu Leasing Co., Ltd.* (Chiyoda-ku, Tokyo)	20.00

Notes: 1. Among the companies listed above, subsidiaries that are listed on stock exchanges in Japan, and the exchanges on which they are listed, are as follows: Fujitsu Frontech Limited (TSE Second Section), NIFTY Corporation (TSE, 2nd section), Fujitsu Broad Solution & Consulting Inc. (JASDAQ), Shinko Electric Industries Co., Ltd. (TSE First Section), FDK Corporation (TSE Second Section), Fujitsu Component Limited (TSE Second Section), Fujitsu General Limited (TSE First Section)
2. The company with (*) is an equity method affiliate.
3. Figures in parenthesis in the percentage of voting rights show indirect shareholdings and are included in the percentage.
4. Fujitsu Mobile-phone Products Limited was integrated into Fujitsu Peripherals Limited and dissolved on April 1, 2014.

MEMO

SHAREHOLDERS' DATA

(As of March 31, 2014)

Capital:	¥324,625 million
Common Stock: Authorized:	5,000,000,000 shares
Issued:	2,070,018,213 shares
Number of Shareholders:	164,259

Equity Shareholdings by Type of Shareholder

Japanese Financial Institutions and Securities Firms	Other Japanese Corporations	Foreign Institutions and Individuals	Japanese Individuals and Others
24.94%	13.18%	40.54%	21.33%

* The 118,892 thousand shares of Fujitsu Limited stock held by Fuji Electric Co., Ltd. as retirement benefit trust assets are categorized under the shareholdings of "Other Japanese Corporations."

Principal Shareholders	Number of shares held (thousands)	Percentage of shares held (%)
Fuji Electric Co., Ltd.	228,391	11.03
State Street Bank and Trust Company	107,216	5.18
The Master Trust Bank of Japan, Ltd. (for trust)	106,230	5.13
Japan Trustee Services Bank, Ltd. (for trust)	74,897	3.62
Fujitsu Employee Shareholding Association	56,664	2.74
Mizuho Bank, Ltd.	36,963	1.79
Asahi Mutual Life Insurance Company	35,180	1.70
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	28,970	1.40
State Street Bank and Trust Company 505225	25,134	1.21
State Street Bank West Client Treaty	22,850	1.10
Total	722,499	34.90

Notes:
1. The shares held by The Master Trust Bank of Japan, Ltd. (for trust) and Japan Trustee Services Bank, Ltd. (for trust), pertain to the institutions' trust businesses.
2. Of the shares held by Fuji Electric Co., Ltd., 118,892 thousand shares are trust assets entrusted to Mizuho Trust & Banking Co., Ltd., and re-trusted to Trust & Custody Services Bank, Ltd. as retirement benefit trust assets. The voting rights attached to these shares are exercised upon instructions of Fuji Electric Co., Ltd. The Fujitsu shares held by Fuji Electric Co., Ltd. and its consolidated subsidiaries total 231,875 thousand shares (which accounts for 11.20% of outstanding shares), and included 118,892 thousand shares held in the form of retirement benefit trust assets.
3. Of the shares held by the Mizuho Bank, Ltd., 4,250 thousand shares are trust assets entrusted to Mizuho Trust & Banking Co., Ltd., and re-trusted to Trust & Custody Services Bank, Ltd. as retirement benefit trust assets. The voting rights attached to these shares are exercised upon instructions of Mizuho Bank, Ltd.
4. Dodge & Cox submitted a change in large shareholding report dated July 4, 2011 to the Director General of the Kanto Local Finance Bureau containing information that the company was obligated to report as of June 30, 2011. Because Fujitsu was unable to verify the effective shareholdings listed in the change in large shareholding report regarding its shares, as of the fiscal year-end, the company has not been included in the above list of principal shareholders. The details of the change in shareholding report are as follows:

Shareholder	Number of shares held (thousands)	Percentage of total shares outstanding (%)
Dodge & Cox	103,918	5.02

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